



Santiago Martínez Garrido

General secretary and secretary of the Board of Directors

Bilbao, 17 March 2023

To the National Securities Market Commission

Other relevant information

Publication of the announcement of the call to the 2023 General Shareholders' Meeting and of the documentation made available to the shareholders

Pursuant to article 227 of the *restated text of the Securities Market Act*, approved by *Royal Legislative Decree 4/2015, of 23 October (texto refundido de la Ley del Mercado de Valores, aprobado por el Real Decreto Legislativo 4/2015, de 23 de octubre)* and related provisions, and in continuation of our notice of other relevant information dated 14 March 2023 (record number 21342), attached is the announcement of the call to the General Shareholders' Meeting of Iberdrola, S.A. (the "**Company**"), which in all likelihood will be held on Friday 28 April 2023, on first call, with the agenda set forth in the aforementioned notice.

Said announcement of the call to meeting is published today in the Official Bulletin of the Commercial Registry (*Boletín Oficial del Registro Mercantil*) and on the Company's corporate website (www.iberdrola.com), where it shall be continuously accessible until at least the holding of the General Shareholders' Meeting.

Also attached are the proposed resolutions and reports of the Board of Directors in relation to the various items on the agenda for said General Shareholders' Meeting. These proposed resolutions and reports of the Board of Directors, together with the other documents relating to the General Shareholders' Meeting, will be available to the shareholders at the registered office and on the corporate website of the Company (www.iberdrola.com), on the terms set out in the announcement of the call to meeting.

This information is provided to you for the appropriate purposes.

General secretary and secretary of the Board of Directors

NOTICE: This document is a translation of a duly approved Spanish-language document, and is provided for informational purposes only. In the event of any discrepancy between the text of this translation and the text of the original Spanish-language document which this translation is intended to reflect, the text of the original Spanish-language document shall prevail.
www.iberdrola.com



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Print in black and white, and only if necessary.



GENERAL SHAREHOLDERS' MEETING

28 April 2023

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Announcement of the call
to meeting



Call to the General Shareholders' Meeting of "Iberdrola, S.A."

Meeting

Date and time	Friday 28 April 2023 (first call), at 11:00 a.m. ¹
Form of meeting	Hybrid, offering shareholders and their representatives the ability to attend remotely , in addition to attendance in person .
Place	<ul style="list-style-type: none"> • Remote attendance through the corporate website (www.iberdrola.com). • In-person attendance at the registered office (Plaza Euskadi, 5, Bilbao).
Incentives and amenities for participation	<ul style="list-style-type: none"> • Engagement dividend: the shareholders will receive €0.005 (gross) per share, subject to the quorum for the Meeting reaching 70% of the share capital and the shareholders approving the payment thereof. • Prize draw for 20 e-bikes among shareholders participating through the corporate website or the telephone channel. • Commemorative gift for those who visit the shareholder information desks. • Shareholder Month: the corporate website will include an immersive space with information regarding the Meeting and with links to participate electronically and follow the proceedings. • Participation prior to the Meeting: in addition to the corporate website, other channels to participate prior to the Meeting, as indicated below, will be activated. • Prior registration for remote attendance through the corporate website. • Reservation of seats for physical attendance through the Shareholder's Office or the corporate website.

Agenda

Management results	1. Annual financial statements 2022.
	2. Directors' reports 2022.
	3. Statement of non-financial information 2022.
	4. Corporate management and activities of the Board of Directors in 2022.
Governance and Sustainability System	5. Amendment of the Preamble to and of the heading of the Preliminary Title of the <i>By-Laws</i> in order to conform the text thereof to the current business and the governance and compliance context and to make adjustments of a formal nature.
	6. Amendment of Articles 4 and 32 of the <i>By-Laws</i> to accommodate the functions of different corporate levels within the structure of the Iberdrola group.
	7. Amendment of Article 8 of the <i>By-Laws</i> to update references to internal regulations and to the Compliance System.
	8. Engagement dividend: approval and payment.
Remuneration	9. Allocation of profits/losses and 2022 dividends: approval and supplementary payment, which will be made within the framework of the "Iberdrola Retribución Flexible" optional dividend system.
	10. First increase in capital by means of a scrip issue at a maximum reference market value of €2,275 million in order to implement the "Iberdrola Retribución Flexible" optional dividend system.
	11. Second increase in capital by means of a scrip issue at a maximum reference market value of €1,500 million in order to implement the "Iberdrola Retribución Flexible" optional dividend system.
	12. Reduction in capital by means of the retirement of a maximum of 206,364,000 own shares (3.201% of the share capital).
	13. Consultative vote on the <i>Annual Director Remuneration Report 2022</i> .
	14. Strategic bonus for professionals of the companies of the Iberdrola group linked to the Company's performance during the 2023-2025 period, to be paid on a fractional and deferred basis through the delivery of shares.
	15. Re-election of Ms María Helena Antolín Raybaud as an external director.
	16. Ratification and re-election of Mr Armando Martínez Martínez as an executive director.
	17. Re-election of Mr Manuel Moreu Munaiz as an independent director.
	18. Re-election of Ms Sara de la Rica Goiricelaya as an independent director.
Board of Directors	19. Re-election of Mr Xabier Sagredo Ormaza as an independent director.
	20. Re-election of Mr José Ignacio Sánchez Galán as an executive director.
	21. Setting of the number of members of the Board of Directors at fourteen.
	22. Delegation of powers to formalise and to convert the resolutions adopted into a public instrument.

¹ The Meeting is called to be held on Friday 28 April, at 11:00 a.m., on first call, and on Saturday 29 April, at the same time, on second call. However, the shareholders are informed that the Meeting will in all likelihood be held on first call.



Participation

Each shareholder having at least one share registered in their name on 21 April may attend the Meeting.

Channels for participating prior to the Meeting	<p>Shareholders may grant their proxy or cast an absentee vote through depositaries or the following channels:</p> <ul style="list-style-type: none"> • Corporate website: www.iberdrola.com. • Shareholder telephone number: 900 100 019 (free phone). • Shareholder information desks at the places, on the dates and at the times to be announced on the corporate website. • Post: sending the proxy and absentee voting card to the Company by post (apartado de correos número 1.113, 48080 Bilbao) or an image of the card by e-mail (Junta2023@iberdrola.es). • Instant messenger: sending an image of the proxy and absentee voting card to the Company by WhatsApp (+34 639 000 639) or by Telegram (Junta Iberdrola). <p>Proxy representatives may cast an absentee vote at the shareholder information desks, through the corporate website, or by sending the card with the proxy granted to them by post or by instant messenger as indicated above.</p>
Attendance	<ul style="list-style-type: none"> • Remote attendance: shareholders and their proxy representatives must register on the corporate website between 08:00 a.m. and 10:15 a.m. on the day the Meeting is held. They may authenticate themselves in advance to speed up their registration. Registered attendees who have expressed their desire to make a presentation or to propose resolutions must send the text thereof before 11:00 a.m. on the day of the Meeting. • Physical attendance: shareholders and their proxy representatives must register to reserve a seat through the Shareholder's Office or the corporate website before 10:15 a.m. on the day the Meeting is held. At this time the doors to the premises will open for those with assigned seats to be able to access the Meeting.
Dates of interest	<ul style="list-style-type: none"> • 17 March: launch of application on the corporate website to grant proxies and cast absentee votes. • 22 March: end of period to request the publication of a supplement to the call to meeting and to submit well-founded proposed resolutions. • 23 April: launch of application on the corporate website for the authentication of attendees and the remote submission of presentations and proposed resolutions. End of period to exercise the right to receive information prior to the Meeting as provided by legal provisions. • 27 April: end of period to grant a proxy or cast an absentee vote prior to the Meeting if, as expected, it is held on first call (if held on second call, the period would end on 28 April). • 28 April, 11:00 a.m.: holding of the Meeting on first call, which will be broadcast through the corporate website.

Information and enquiries

Documentation	<p>The documentation for the Meeting will be available at the registered office and on the corporate website (www.iberdrola.com), which also contains mandatory information regarding the exercise of shareholder rights as well as regarding the reduction and increases in share capital and the amendments to the <i>Regulations of the Board of Directors</i> made since the last Meeting.</p>
AVA and Shareholder's Office	<p>The Virtual Shareholder Assistant (Asistente Virtual del Accionista) (AVA) will be available to the shareholders on the corporate website and on the "Iberdrola Investor Relations" App to find answers to any question regarding the Meeting, as will be the free phone number 900 100 019 and the e-mail address accionistas@iberdrola.com as permanent channels of contact with the Shareholder's Office. Members of the OLS Shareholders' Club can also make enquiries throughout the year through their interactive application.</p> <p>Sustainable management of the event includes measures to make participation in the Meeting accessible to the shareholders, who will be able to ask for help in this regard through the Shareholder's Office.</p>

In Bilbao, on 14 March 2023.

The General Secretary and Secretary of the Board of Directors.

Personal data protection: the Company, with an address at Plaza Euskadi, 5, Bilbao, and holding Tax Identification Number (N.I.F.) A-48010615, is the controller of the personal data of the shareholders and their proxy representatives provided thereby or by the depositaries of the shares. The purposes of such processing are: (i) to manage the Meeting; (ii) to comply with, and if applicable verify compliance with, the obligations set out in the Governance and Sustainability System related to the holding of the Meeting, and particularly with the corporate policies to encourage the transparency of the Meeting and the Company's direct contact with shareholders, including the payment of financial incentives to participate in the Meeting; (iii) to perform analyses and prepare reports to optimise the management of the Meeting; and (iv) to record and broadcast the Meeting. The legal basis for purpose (i) is to comply with the legal obligations set out in the *Companies Act (Ley de Sociedades de Capital)* and for purposes (ii), (iii) and (iv) is the legitimate interest of the Company in holding Meetings that fully conform to its Governance and Sustainability System and the rest of its internal rules as well as ensuring the observance and full satisfaction of shareholder rights and adopting measures favouring the achievement of those objectives. This data may be communicated to the notary who takes the minutes of the Meeting in accordance with the legal provisions governing joint-stock companies (*sociedades de capital*) and in compliance with the provisions of the *Regulations of the Commercial Registry* and the *Regulations for the General Shareholders' Meeting*. They may also be provided to other shareholders in the exercise of their right to receive information as provided by said provisions, but in no event will they be transferred outside of the European Economic Area. This data may also be accessed by service providers, acting as data processors, related to the verification of the proper conduct of the Meeting and of compliance with obligations relating to the holding thereof and preparation of statistical information, and with which the Company will sign the contracts required by the *General Data Protection Regulation* and the *Organic Law on the Protection of Personal Data and guarantee of digital rights*. The rights of access, rectification, objection, erasure and restriction of processing, and any other applicable rights in accordance with data protection law and regulations, may be exercised in accordance with the *Implementing Rules for the General Shareholders' Meeting*, available on the corporate website (www.iberdrola.com), which contains more detailed information regarding the processing of personal data.



GENERAL SHAREHOLDERS' MEETING

28 April 2023

**SUSTAINABLE
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Proposed resolutions



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ITEM 1 ON THE AGENDA

Annual financial statements 2022

RESOLUTION

To approve the separate annual financial statements of “Iberdrola, S.A.” (balance sheet, profit and loss account, statement of changes in shareholders' equity, statement of cash flows and notes) and the annual financial statements of the Company consolidated with those of its subsidiaries (consolidated statement of financial position, consolidated statement of profit and loss, consolidated statement of overall profit and loss, consolidated statement of changes in shareholders' equity, consolidated statement of cash flows and consolidated notes) for the financial year ended on 31 December 2022, formulated by the Board of Directors at its meeting held on 21 February 2023.

ITEM 2 ON THE AGENDA

Directors' reports 2022

RESOLUTION

To approve the separate directors' report of “Iberdrola, S.A.” and the directors' report of IBERDROLA, S.A. consolidated with that of its subsidiaries for the financial year ended on 31 December 2022, formulated by the Board of Directors at its meeting held on 21 February 2023.

ITEM 3 ON THE AGENDA

Statement of non-financial information 2022

RESOLUTION

To approve the *Statement of Non-Financial Information. Sustainability Report* of “Iberdrola, S.A.” consolidated with that of its subsidiaries for the financial year ended on 31 December 2022, formulated by the Board of Directors at its meeting held on 21 February 2023.

ITEM 4 ON THE AGENDA

Corporate management and activities of the Board of Directors in 2022

RESOLUTION

To approve the management of the Company and the activities of the Board of Directors of “Iberdrola, S.A.” during the financial year ended on 31 December 2022.



ITEM 5 ON THE AGENDA

Amendment of the Preamble to and of the heading of the Preliminary Title of the *By-Laws* in order to conform the text thereof to the current business and the governance and compliance context and to make adjustments of a formal nature

RESOLUTION

To amend the Preamble to and the heading of the Preliminary Title of the *By-Laws* in order to conform the text thereof to the current business and the governance and compliance context and to make adjustments of a formal nature. Said Preamble and heading of the Preliminary Title shall hereafter read as follows:

“PREAMBLE

*Pursuant to the corporate autonomy recognised by law, these *By-Laws* govern the corporate contract by which all shareholders of IBERDROLA, S.A. (the “**Company**”) are bound upon acquiring such status.*

Having been approved in accordance with applicable law by the shareholders acting at a General Shareholders' Meeting, which is the highest governing body through which shareholders express their contractual will, they go far beyond the minimum requirements established by law and even the typical text of the by-laws of listed companies.

Along these lines, the Preliminary Title hereof first defines the fundamental pillars of the Company as an independent and publicly listed entity, the holding company of an international industrial group, with broad geographic diversification of its businesses as a fundamental lever of risk management, and which, based on its multi-level corporate structure, combines a decentralised decision-making system, inspired by the principle of subsidiarity, with robust coordination mechanisms ensuring the global integration of all of the businesses of the companies within the Iberdrola group, all on the basis of an effective system of checks and balances that prevents the centralisation of management power within a single governance body or a single person.

*The provisions of the *By-Laws* regarding the corporate object, the purpose and values, and the corporate interest and social dividend, beyond the corporate aspects highlighted above, give shape to a company focused on a clear “purpose” and certain clear “values” that make up its corporate philosophy and the ideological and axiological bases on which its corporate enterprise is based.*

*In accordance therewith, the Company is defined by its *By-Laws* as an all-encompassing company, which transcends its nature as purely and merely a mercantile company, which opens to and engages all of its Stakeholders and is fully committed to contributing to the achievement of the Sustainable Development Goals (SDGs) approved by the United Nations (UN) and the most demanding environmental, social commitment and corporate governance (ESG) requirements, and in essence affirms itself to be a company and institutional reality, a player in the economic and social environment in which it does business.*

*The *By-Laws* also constitute the foundation on which the Company's Governance and Sustainability System is built and based, that is, its own set of internal regulations, developed under the aforementioned corporate autonomy, to ensure by these rules its *raison d'être* and way of being, the*



construction of its identity, the achievement and implementation of the Purpose and Values of the Iberdrola Group, the creation of sustainable value that satisfies the corporate interest, and makes feasible and real the social dividend that it shares with all of its Stakeholders.

In turn, the Purpose and Values of the Iberdrola Group meet the most demanding standards in the areas of environmental protection and climate action, social commitment, corporate governance and regulatory compliance, within the general framework of respect for and protection of human rights, the social market economy, sustainability and the ethical principles generally accepted in its sphere of activity.

Similarly, the By-Laws establish a well-developed Compliance System, which, integrated within the overall governance and sustainability system, is intended to prevent and manage the risk of regulatory or ethical violations or violations of the Governance and Sustainability System.

The by-law rules that arise from and are based on the internal sovereignty of the shareholders acting at a General Shareholders' Meeting also recognise the essential function performed by the Board of Directors as a governing body or structure that guides the realisation of the Purpose and Values of the Iberdrola Group, ensures the assembly and coordination of all its Stakeholders within a company made up of them, and directs and supports the driving action of the Company as an enterprise and institutional reality in the communities of which it is a part and in today's globalised society as a whole.

To the extent applicable thereto, the By-Laws of the Company and the other provisions of the Company's Governance and Sustainability System bind its shareholders, the members of its Board of Directors and of senior management, as well as the other professionals of the Company and of the other companies of the Iberdrola group, and generally any persons validly connected thereto. All have the duty to comply with them, as well as the right to demand compliance therewith."

"PRELIMINARY TITLE. "IBERDROLA, S.A." AND THE IBERDROLA GROUP"

ITEM 6 ON THE AGENDA

Amendment of Articles 4 and 32 of the By-Laws to accommodate the functions of different corporate levels within the structure of the Iberdrola group

RESOLUTION

To amend Articles 4 and 32 of the By-Laws to accommodate the functions of different corporate levels within the structure of the Iberdrola group. Said Articles 4 and 32 shall hereafter read as follows:

"Article 4. The Iberdrola group

1. *The corporate and governance structure of the Iberdrola group is defined based on the following:*
 - a) *The Company, which is a listed holding company, is the controlling entity of a multinational group of companies (the "Group"), and has duties relating to the establishment and supervision of the policies and strategies covering the Group, the basic guidelines for the management thereof, and decisions on matters of strategic importance at the Group level, as well as the design of its Governance and Sustainability System.*



- b) *Country subholding companies group together the equity stakes in the Group's head of business companies and strengthen the function of strategic supervision, organisation and coordination and further develop them in relation to such countries or businesses as are decided by the Company's Board of Directors, disseminating, implementing and ensuring compliance with policies, strategies and general guidelines at the Group level based on the characteristics and unique aspects of their respective territories, countries and businesses.*

The listed country subholding companies of the Group enjoy a special framework of strengthened autonomy that contemplates the measures that are appropriate to safeguard the interests of the minority shareholders of said companies.

- c) *Finally, the head of business companies of the Group are in charge of the day-to-day administration and effective management of the businesses, and of the day-to-day control thereof, without prejudice to observing the corporate autonomy of the subsidiaries thereof in accordance with law.*

2. *All companies of the Group share a common corporate interest as well as the same purpose, corporate values and ethical principles."*

"Article 32. Powers of the Board of Directors

1. *The Board of Directors has the power to adopt resolutions regarding all matters not assigned by law or the Governance and Sustainability System to the shareholders acting at a General Shareholders' Meeting.*
2. *Although the Board of Directors has the broadest powers and authority to manage and represent the Company, as a general rule of good governance, the Board of Directors shall focus its activities, pursuant to the Governance and Sustainability System, on the strategic definition and supervision of the general guidelines to be followed at the Group level, attending to the following matters, among others:*
 - a) *Establish, within legal limits, the policies, strategies and guidelines covering the Group, entrusting to the decision-making bodies and the management of the head of business companies of the Group the duties of effective administration and day-to-day management of the businesses.*
 - b) *Through the country subholding companies, supervise the general development of the aforementioned policies, strategies and guidelines by the head of business companies in relation to their respective territories, countries or businesses, establishing appropriate mechanisms of coordination and exchange of information in the interest of the Company and of the other companies within the Group.*
 - c) *Decide on matters of strategic importance at the Group level.*
3. *The Board of Directors shall generally entrust to its chairman, to the chief executive officers and to senior management the dissemination, coordination and general implementation of management guidelines covering the Group, acting in furtherance of the interests of each and every one of the companies belonging thereto.*
4. *The Board of Directors shall design, evaluate and continuously review the Governance and Sustainability System, shall approve the Purpose and Values of the Iberdrola Group and shall pay special attention to the approval and updating of the corporate policies, which further*



develop the principles reflected in these By-Laws and in the other provisions of the Governance and Sustainability System and codify the guidelines that should govern the activities of the Company, its shareholders and the other companies of the Group.

In particular, the Board of Directors shall approve and regularly update a climate action plan to achieve neutrality in the emission of greenhouse gases by 2050. This plan shall set out the intermediate objectives, the strategy and the investment plan designed to meet these objectives and shall define the methodologies used to assess the implementation thereof.

- 5. The Regulations of the Board of Directors shall specify the powers reserved to such body, which may not be entrusted to the representative decision-making bodies or to the senior management of the Company.”*

ITEM 7 ON THE AGENDA

Amendment of Article 8 of the By-Laws to update references to internal regulations and to the Compliance System

RESOLUTION

To amend Article 8 of the By-Laws to update references to internal regulations and to the Compliance System. Said Article 8 shall hereafter read as follows:

“Article 8. Applicable Legal Provisions, Governance and Sustainability System and Compliance System

- 1. The Company is governed by the legal provisions relating to listed companies and other applicable laws and regulations, as well as by its Governance and Sustainability System.*
- 2. The Governance and Sustainability System is the Company’s internal system of rules, which is configured in accordance with applicable law in the exercise of corporate autonomy supported thereby and applies to the entire Group. It is intended to ensure through rule-making the best implementation of the corporate contract that binds its shareholders, and especially the corporate object, the corporate interest and the social dividend, as defined in the preceding articles.*

For their part, the country subholding companies and head of business companies have their own Governance and Sustainability System, approved within the framework of the performance of their responsibilities and in the exercise of their powers. This System constitutes its internal order and is consistent with that of the Company.

- 3. The aforementioned Governance and Sustainability System is made up of these By-Laws, the Purpose and Values of the Iberdrola Group, the Code of Ethics, corporate policies, and the other governance, compliance and market abuse prevention rules.*
- 4. The Purpose and Values of the Iberdrola Group synthesises its raison d’être, the ideological and axiological foundation of its corporate enterprise, which, due to its size and importance, is a focal point for many Stakeholders and for the environmental, social and economic environment in which the entities of the Group do business.*



5. *The Purpose and Values of the Iberdrola Group also inspires and takes form in the policies and in the other rules of the Governance and Sustainability System, governing the day-to-day activities of all entities of the Group and guiding their strategy and all of their actions.*
6. *The shareholders acting at a General Shareholders' Meeting and the Board of Directors of the Company, within their respective purview, develop, apply and interpret the rules making up the Governance and Sustainability System in order to ensure compliance at all times with the purposes thereof and, particularly, the fulfilment of the corporate interest.*
7. *Full or summarised versions of the rules making up the Governance and Sustainability System can be viewed on the Company's corporate website.*
8. *Within the framework of the Governance and Sustainability System, the Company also has a Compliance System, consisting of a structured set of rules, procedures and activities intended to prevent and manage the risk of regulatory and ethical breaches or breaches of the Governance and Sustainability System itself, as well as to contribute to the full realisation of the Purpose and Values of the Iberdrola Group and the corporate interest.*

The country subholding companies and head of business companies also have their own compliance function, which has full responsibility for managing their respective compliance systems.

9. *The application and further development of the Company's compliance function and Compliance System is the responsibility of the Compliance Unit, an autonomous body with the highest standards of independence and transparency that is linked to the Sustainable Development Committee of the Board of Directors."*

ITEM 8 ON THE AGENDA

Engagement dividend: approval and payment

RESOLUTION

To approve the payment, as a shareholder engagement dividend linked to participation in the General Shareholders' Meeting, of a cash dividend, to be charged to unrestricted reserves, of €0.005 (gross) per outstanding share of "Iberdrola, S.A." (the "**Company**") subject to the quorum for this General Meeting reaching 70% of the share capital of the Company (the "**Engagement Dividend**").

If the condition established for the payment of the Engagement Dividend is fulfilled, payment thereof will be made as from 2 May 2023 to those with shares of the Company registered in their name in the book-entry registers of "Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A." (Sociedad Unipersonal) (IBERCLEAR) on 21 April 2023 (the "record date").

The withholding required by the legal provisions in effect at any given time shall be made from the gross amounts paid.

To delegate to the Board of Directors, with express power of substitution, the power to deem the condition precedent relating to the minimum quorum to which the Engagement Dividend is subject to have been met, and therefore to proceed with the payment thereof on the date set forth above if it finds that, even though the quorum of 70% of the Company's share capital for this General Shareholders' Meeting has not been met, the participation of the shareholders in these proceedings



has been sufficient to consider, in its opinion, that the goals sought with this instrument to encourage the engagement of the shareholders in the life of the Company have been met, as well as to make all decisions and take all actions necessary or advisable for the payment of the Engagement Dividend, including, in particular and without limitation, setting the terms and conditions of the payment as to all matters not previously provided for, appointing the entity that is to act as payment agent, and signing the corresponding contract under the terms and conditions it deems appropriate, setting up the current accounts for this purpose, making the appropriate communications and notifications, and generally taking any other action necessary or advisable for the successful completion of said payment.

ITEM 9 ON THE AGENDA

Allocation of profits/losses and 2022 dividends: approval and supplementary payment that will be made within the framework of the “Iberdrola Retribución Flexible” optional dividend system

RESOLUTION

To approve the proposed allocation of profits/losses and payment of dividends for financial year 2022 formulated by the Board of Directors at its meeting held on 21 February 2023, which is described below:

To approve the payment, with a charge to the results for the financial year ended 31 December 2022 and to the balance from prior financial years, of a dividend in the aggregate gross amount equal to the sum of the following amounts (the “**Dividend**”):

- a) €235,060,916.76, which was paid on account of the dividend for financial year 2022 on 31 January 2023 to the holders of 1,305,893,982 shares of “Iberdrola, S.A.” (the “**Company**”) who elected to receive their remuneration in cash within the framework of the second implementation of the “Iberdrola Retribución Flexible” optional dividend system for financial year 2022 by collecting an amount of €0.180 (gross) per share (the total amount paid to said holders will be referred to as the “**Total Interim Dividend**”); and
- b) the determinable amount resulting from multiplying:
 - i. the gross amount per share to be paid by the Company as a supplementary dividend payment for financial year 2022 within the framework of the first implementation of the “Iberdrola Retribución Flexible” optional dividend system for financial year 2023 (the “**Supplementary Dividend**”), and which will be as determined by the Company’s Board of Directors pursuant to the rules set forth in the section “Common terms and conditions of the dividend payment and increase in share capital resolutions proposed under items 9, 10 and 11 on the agenda pursuant to which the “Iberdrola Retribución Flexible” optional dividend system is implemented” (the “**Common Terms**”); by
 - ii. the total number of shares with respect to which the holders thereof have elected to receive the Supplementary Dividend within the framework of the first implementation of the “Iberdrola Retribución Flexible” optional dividend system for financial year 2023.

The amount of the Supplementary Dividend, and therefore the amount of the Dividend, cannot be determined as of the date of formulation of this proposed resolution.

For the purposes hereof, it is hereby noted that the payment of the Supplementary Dividend shall be made together with the implementation of the increase in share capital submitted for approval of the



shareholders at the General Shareholders' Meeting under item 10 on the agenda, in order to offer the shareholders the ability to receive their remuneration in cash (by collecting the Supplementary Dividend) or in newly-issued bonus shares of the Company (through said increase in share capital).

The collection of the Supplementary Dividend provided for in this resolution is thus configured, in accordance with the provisions of the Common Terms, as one of the alternatives that a shareholder of the Company can choose when receiving their remuneration within the framework of the first implementation of the "Iberdrola Retribución Flexible" optional dividend system for financial year 2023. As a result of the foregoing, and as described below in the Common Terms, it shall be deemed that those shareholders choosing to receive their remuneration in cash through the Supplementary Dividend with respect to all or part of their shares expressly, automatically and irrevocably waive the free-of-charge allocation rights corresponding to said shares and therefore the ability to transfer them on the market or to receive newly-issued bonus shares corresponding to said free-of-charge allocation rights.

The payment of the Supplementary Dividend, which is expected to be made during the month of July 2023, shall be implemented through the participants in "Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A." (Sociedad Unipersonal) (IBERCLEAR), the Board of Directors being hereby authorised to establish the specific date for payment of the Supplementary Dividend, to designate the entity that is to act as paying agent and to take such other steps as may be required or appropriate for the successful completion of the payment.

Also, to delegate to the Board of Directors the power to set the conditions applicable to the payment of the Supplementary Dividend to the extent not provided for in this resolution, including the determination of the specific gross amount of the Supplementary Dividend subject to the aforementioned rules.

Finally, pursuant to the provisions of Section 249 *bis.1*) of the *Companies Act*, to expressly authorise the Board of Directors to further delegate the powers referred to in this resolution.

The basis for distribution and the resulting proposed distribution (expressed in euros) is as follows:

BASIS FOR DISTRIBUTION:

Balance from prior financial years:	10,291,871,698
Profits for financial year 2022:	2,840,450,303
TOTAL BASIS FOR DISTRIBUTION:	13,132,322,001

DISTRIBUTION:

To Dividend:	Amount pending determination which will result from adding: (a) the Total Interim Dividend; and (b) the result of multiplying the Supplementary Dividend by the total number of shares with respect to which the holders thereof have elected to receive the Supplementary Dividend within the framework of the first implementation
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of the “Iberdrola Retribución Flexible” optional dividend system for financial year 2023.

To remainder:

Determinable amount that will result from subtracting the amount allocated to the Dividend from the total basis for distribution.

TOTAL: 13,132,322,001

On the date that the Board of Directors (or the body acting by delegation therefrom) decides to implement the increase in share capital that is being submitted for approval of the shareholders at the General Shareholders' Meeting under item 10 on the agenda (and therefore, to commence the first implementation of the “Iberdrola Retribución Flexible” optional dividend system for financial year 2023), the minimum amount of the Supplementary Dividend shall be announced. The final amount of the Supplementary Dividend shall be communicated as soon as the Board of Directors (or the body acting by delegation therefrom) determines it in accordance with the provisions of the Common Terms. Furthermore, once the first implementation of the “Iberdrola Retribución Flexible” optional dividend system for financial year 2023 is completed, the Board of Directors (with express power of substitution) shall proceed to specify the aforementioned proposed distribution, determining the final amount of the Dividend and the amount to be allocated to remainder.

The Common Terms include a sample calculation of the Supplementary Dividend, among other figures relating to the implementation of the increase in share capital submitted for approval of the shareholders at the General Shareholders' Meeting under item 10 on the agenda.

ITEM 10 ON THE AGENDA

First increase in capital by means of a scrip issue at a maximum reference market value of €2,275 million in order to implement the “Iberdrola Retribución Flexible” optional dividend system

RESOLUTION

To increase the share capital of “Iberdrola, S.A.” (the “**Company**”) upon the terms and conditions described in the section below, entitled “Common terms and conditions of the dividend payment and increase in share capital resolutions proposed under items 9, 10 and 11 on the agenda, pursuant to which the “Iberdrola Retribución Flexible” optional dividend system is implemented” (the “**Common Terms**”), at a maximum reference market value of €2,275 million for the shares to be issued in implementation of said increase.

The increase in share capital shall be implemented together with the supplementary payment of the dividend submitted for approval of the shareholders at the General Shareholders' Meeting under item 9 on the agenda, in order to offer the Company's shareholders the ability to receive their remuneration in cash (receiving said supplementary payment of the dividend) or in newly-issued bonus shares of the Company (through the increase in share capital). The delivery of bonus shares issued within the context of the increase in share capital is thus configured as one of the alternatives that a shareholder can choose when receiving their remuneration, pursuant to the provisions of the Common Terms.



Pursuant to the provisions of Section 297.1.a) of the *Companies Act*, to delegate to the Board of Directors the power to set the date on which the increase in share capital is to be carried out, if at all, and to set the terms and conditions applicable to all matters not included in this resolution.

Pursuant to the provisions of Section 249 *bis.l)* of the *Companies Act*, to expressly authorise the Board of Directors to further delegate the powers referred to in this resolution.

This increase in share capital is expected to be implemented together with the supplementary payment of the dividend contemplated in item 9 on the agenda during the month of July 2023.

ITEM 11 ON THE AGENDA

Second increase in capital by means of a scrip issue at a maximum reference market value of €1,500 million in order to implement the “Iberdrola Retribución Flexible” optional dividend system

RESOLUTION

To increase the share capital of “Iberdrola, S.A.” (the “**Company**”) upon the terms and conditions described in the section below, entitled “Common terms and conditions of the dividend payment and increase in share capital resolutions proposed under items 9, 10 and 11 on the agenda, pursuant to which the “Iberdrola Retribución Flexible” optional dividend system is implemented” (the “**Common Terms**”), at a maximum reference market value of €1,500 million for the shares to be issued in implementation of said increase.

The increase in share capital is expected to be implemented together with the payment of the interim dividend amount for financial year 2023, if any, to be approved by the Company’s Board of Directors (the “**Interim Dividend**”) in order to offer the Company’s shareholders the ability to receive their remuneration in cash (by collecting the Interim Dividend) or in newly-issued bonus shares of the Company (through the increase in share capital). The delivery of bonus shares issued within the context of the increase in share capital is thus configured as one of the alternatives that a shareholder can choose when receiving their remuneration, pursuant to the provisions of the Common Terms.

Pursuant to the provisions of Section 297.1.a) of the *Companies Act*, to delegate to the Board of Directors the power to set the date on which the increase in share capital is to be carried out, if at all, and to set the terms and conditions applicable to all matters not included in this resolution.

Pursuant to the provisions of Section 249 *bis.l)* of the *Companies Act*, to expressly authorise the Board of Directors to further delegate the powers referred to in this resolution.

This increase in share capital is expected to be implemented together with the Interim Dividend payment during the month of January 2024.



COMMON TERMS AND CONDITIONS OF THE DIVIDEND PAYMENT AND INCREASE IN SHARE CAPITAL RESOLUTIONS PROPOSED UNDER ITEMS 9, 10 AND 11 ON THE AGENDA PURSUANT TO WHICH THE “IBERDROLA RETRIBUCIÓN FLEXIBLE” OPTIONAL DIVIDEND SYSTEM IS IMPLEMENTED

1. Main characteristics of the “Iberdrola Retribución Flexible” optional dividend system

The purpose of the resolutions for the allocation of profits/losses and dividend payment and of the increase in share capital resolutions proposed under items 9, 10 and 11 on the agenda is to implement the “Iberdrola Retribución Flexible” optional dividend system for financial year 2023 pursuant to which the shareholders of “Iberdrola, S.A.” (the “**Company**”) are offered the ability to receive their remuneration in cash or in newly-issued bonus shares.

For this purpose, there shall be two implementations of said optional dividend system in each of which dividend payments shall be made (the “**Dividend Payments**”, and individually, a “**Dividend Payment**”) along with the implementations of the increases in share capital (the “**Increases in Capital**”, and individually, an “**Increase in Capital**”) submitted for approval of the shareholders at the General Shareholders' Meeting under items number 10 and 11 on the agenda:

- (i) The first implementation, which is expected to take place during the month of July 2023 (the “**First Implementation**”), shall be carried out through the supplementary payment of the dividend for financial year 2022 contemplated in item 9 on the agenda (the “**Supplementary Dividend**”) together with the implementation of the Increase in Capital submitted for approval of the shareholders at the General Shareholders' Meeting under item 10 on the agenda.
- (ii) The second implementation, which is expected to take place during the month of January 2024 (the “**Second Implementation**”, and collectively with the First Implementation, the “**Implementations**” and each of the Implementations, individually, an “**Implementation**”), shall be carried out through the payment of an interim amount of the dividend for financial year 2023 (the “**Interim Dividend**”) to be approved, if appropriate, by the Board of Directors pursuant to the provisions of section 2.2 below, together with the implementation of the Increase in Capital submitted for approval of the shareholders at the General Shareholders' Meeting under item 11 on the agenda.

The Supplementary Dividend and the Interim Dividend shall hereinafter be referred to collectively as the “**Dividends**” and each of them individually as a “**Dividend**”.

In each of the Implementations, the shareholders may choose from among the following options for remuneration upon the terms and conditions established by the Board of Directors (with express power of substitution):

- (a) Receiving their remuneration in cash by collecting the Dividend in question (whether with respect to all of their shares or a portion thereof), for which purpose the shareholders shall be required to make an express election in this regard.
- (b) Receiving their remuneration in newly-issued bonus shares of the Company. To this end, shareholders must refrain from transferring their free-of-charge allocation rights on the market. In this case, upon completion of the trading period for the free-of-charge allocation rights and implementation of the Increase in Capital, the shareholders shall receive such number of new shares (as they are proportionately entitled to receive), entirely as bonus shares.



- (c) Transferring all or part of their free-of-charge allocation rights on the market during the trading period pursuant to the provisions of section 5 below. In this case, the consideration for such rights will depend on market conditions in general and on the listing price of such rights in particular.

The final amount of each of the Dividend Payments and of each of the Increases in Capital shall be determined by the Company's Board of Directors (or the body acting by delegation therefrom) within the context of each of the Implementations and pursuant to the provisions of the sections below.

Within the year following the date of approval of the resolutions included in items 10 and 11 on the agenda, each of the Implementations may be made by the Board of Directors (with express power of substitution) at its sole discretion, and therefore without having to once again obtain the approval of the shareholders at a General Shareholders' Meeting, and based on the legal and financial conditions existing at the time of each of the Implementations, in order to offer the Company's shareholders a flexible and efficient remuneration formula.

The shareholders may only elect remuneration option (a) above (i.e. receiving the Dividend in question) during the "**Common Election Period**". The Common Election Period will begin on the same day as the trading period for the free-of-charge allocation rights, and the Board of Directors (with express power of substitution) must establish the specific term of the Common Election Period, which may in no event exceed the term of said trading period.

Based on their preferences and needs, the Company's shareholders may combine any of the alternatives mentioned in paragraphs (a) through (c) above. In any event, the election of one of the remuneration options automatically excludes the ability to choose either of the other two options regarding the same shares, for which reason the ability to combine options referred to above will only be possible with respect to different groups of shares.

As described below (see section 3 below), if the requirements of Section 277 of the *Companies Act* to pay the Interim Dividend (the "**Requirements**") are not met within the framework of the Second Implementation, the Company shall make an irrevocable commitment to acquire the free-of-charge allocation rights arising from the second Increase in Capital at a guaranteed fixed price upon the terms and conditions described below (the "**Purchase Commitment**" and the "**Fixed Purchase Price**", respectively). In this case, the shareholders may monetise their free-of-charge allocation rights by transferring them to the Company at the Fixed Purchase Price and thus receive a cash amount equal to the one that the Company would have paid as an Interim Dividend.

The Company assumes no liability for the choices made by the holders of the free-of-charge allocation rights (or for a failure to choose, if an express and valid communication is not received from said holders).

It is also stated for the record that the only period authorised for the holders of free-of-charge allocation rights to communicate to the entities with which their rights are deposited their preferences regarding the remuneration options is the Common Election Period, regardless of whether they are institutional or minority holders of rights. The Company assumes no liability for a breach of this period by the depositaries (whether due to not accepting communications during a portion of the Common Election Period or for accepting them after the passage of said period, or for any other reason), for which reason any claim in this regard must be addressed by the shareholders or holders of free-of-charge allocation rights to the depositary in question.



2. Amount of the Dividends

2.1. Gross amount per share to be paid to the shareholders as a Supplementary Dividend in the First Implementation

The gross amount to be paid to the shareholders as a Supplementary Dividend for each share of the Company with the right to receive it shall be determined within the context of the First Implementation by the Board of Directors (with express power of substitution), subject to the terms and conditions set forth in item 9 on the agenda and in this section (the “**Supplementary Dividend**”).

During the Common Election Period for the First Implementation, the Company’s shareholders shall have the ability to expressly choose to receive the Supplementary Dividend with respect to all or part of the shares they own and that are outstanding on the relevant date upon the terms set by the Board of Directors (with express power of substitution) and pursuant to applicable securities clearing and settlement rules from time to time in effect. If they choose to receive the Supplementary Dividend with respect to all or part of their shares, the shareholders shall expressly, automatically and irrevocably waive the free-of-charge allocation rights corresponding to said shares.

The free-of-charge allocation rights acquired on the market during the trading period established for this purpose by the Board of Directors (or the body acting by delegation therefrom) shall not give the acquiring parties the right to choose to receive the Supplementary Dividend. Therefore, the new holders of these rights may only monetise their investment through the sale thereof on the market during said trading period that has been activated for this purpose. Alternatively, they may receive the newly-issued bonus shares of the Company to which they are entitled.

After the Common Election Period for the First Implementation has ended, the Board of Directors (with express power of substitution) shall determine the aggregate gross amount in euros corresponding to the Dividend Payment for the First Implementation (equal to the final amount of the Supplementary Dividend) and shall make payment thereof through the participants in “Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.” (Sociedad Unipersonal) (“**IBERCLEAR**”), the Board of Directors being hereby authorised for such purpose (with express power of substitution) to establish the specific date on which the Dividend Payment should occur, to designate the entity that is to act as paying agent, and to take such other steps as may be required or appropriate for the successful completion of the Dividend Payment. Furthermore, after calculating said aggregate gross amount corresponding to the Dividend Payment for the First Implementation, the Board of Directors (with express power of substitution) shall, if applicable, rescind the resolution on payment of the Supplementary Dividend with respect to the amounts that were not paid to those shareholders who elected (expressly or implicitly) to receive newly-issued bonus shares of the Company or who sold their free-of-charge allocation rights on the market.

Moreover, after calculating the aggregate gross amount of the Supplementary Dividend, the aggregate total amount paid as a dividend with a charge to the results for the financial year ended 31 December 2022 pursuant to the provisions of item 9 on the agenda shall be determined and, in view of said amount, the amount of the total basis for distribution established in said item on the agenda to be allocated to remainder shall be specified, and the resulting



proposed allocation of profits/losses and payment of the dividend for financial year 2022 shall be completed.

Section 4.1 below includes the formula for calculating the gross amount per share corresponding to the Supplementary Dividend.

2.2. Gross amount per share to be paid to the shareholders as an Interim Dividend in the Second Implementation

The gross amount to be paid as an Interim Dividend, if any, for each share of the Company with the right to receive it shall be as determined by the Board of Directors pursuant to the corresponding resolution to be adopted prior to 31 December 2023, which will be subject in any event to confirmation that the Requirements have been met (the “**Interim Dividend**”).

During the Common Election Period for the Second Implementation, the Company's shareholders shall have the ability to expressly choose to receive the Interim Dividend with respect to all or part of the shares they own and that are outstanding on the relevant date upon the terms set by the Board of Directors (with express power of substitution) and pursuant to applicable securities clearing and settlement rules from time to time in effect. If they choose to receive the Interim Dividend with respect to all or part of their shares, the shareholders shall expressly, automatically and irrevocably waive the free-of-charge allocation rights corresponding to said shares.

The free-of-charge allocation rights acquired on the market during the trading period established for this purpose by the Board of Directors (or the body acting by delegation therefrom) shall not give the acquiring parties the right to choose to receive the Interim Dividend. Therefore, the new holders of these rights may only monetise their investment through the sale thereof on the market during said trading period that has been activated for this purpose. Alternatively, they may choose to receive the newly-issued bonus shares to which they are entitled at the end of the aforementioned trading period.

After the Common Election Period for the Second Implementation, the Board of Directors (with express power of substitution) shall determine the aggregate gross amount in euros corresponding to the Dividend Payment for the Second Implementation and shall make payment thereof through the participants in IBERCLEAR. To this end, the Board of Directors (with express power of substitution) shall establish the specific date on which the Dividend Payment should occur, shall designate the entity that is to act as paying agent, and shall take such other steps as may be required or appropriate for the successful completion of the Dividend Payment. Furthermore, after calculating said aggregate gross amount corresponding to the Dividend Payment for the Second Implementation, the Board of Directors (with express power of substitution) shall, if applicable, rescind the resolution on payment of the Interim Dividend with respect to the amounts that were not paid to those shareholders who elected (expressly or implicitly) to receive newly-issued bonus shares of the Company or who sold their free-of-charge allocation rights on the market.

Without prejudice to the foregoing, if the Requirements are not met to pay the Interim Dividend within the framework of the Second Implementation, the Company shall make the Purchase Commitment in order for the shareholders to be able to monetise their free-of-charge allocation



rights by transferring them to the Company at the Fixed Purchase Price upon the terms and conditions described in section 3 below.

Section 4.1 below includes the formula for calculating the gross amount per share corresponding to the Interim Dividend.

3. Purchase Commitment within the framework of the Second Implementation

If the Requirements are not met to pay the Interim Dividend within the framework of the Second Implementation (which circumstance shall be communicated to the market), the Company shall make the Purchase Commitment upon the terms described in this section in order to ensure that the shareholders can receive all or part of their remuneration in cash.

The Fixed Purchase Price shall be calculated by applying the formula used to determine the gross amount per share of the Interim Dividend (see section 4.1 below), such that the amount that would be received by shareholders choosing this option would be equal to the amount they would have received if it had been possible to pay the Interim Dividend. The Fixed Purchase Price shall be calculated prior to the commencement of the trading period for the free-of-charge allocation rights of the second Increase in Capital and shall be published as soon as it is determined.

The Purchase Commitment assumed by the Company shall cover the free-of-charge allocation rights received by those who are registered as being entitled thereto in the book-entry registers of IBERCLEAR on the relevant date pursuant to the securities clearing and settlement rules from time to time in effect. The free-of-charge allocation rights acquired on the market during the trading period established for this purpose by the Board of Directors (or the body acting by delegation therefrom) shall not give the acquiring parties the right to enforce the Purchase Commitment or, therefore, to receive the Fixed Purchase Price. Therefore, the new holders of these rights may only monetise their investment through the sale thereof on the market during said trading period that has been activated for this purpose. Alternatively, they may choose to receive the newly-issued bonus shares to which they are entitled at the end of the aforementioned trading period.

The Purchase Commitment shall be in effect and may be accepted during such term as is established for these purposes by the Board of Directors (with express power of substitution), and which must in any case be included within the trading period for the free-of-charge allocation rights.

In relation to the foregoing, the Company is authorised to acquire said free-of-charge allocation rights, with a maximum limit of all rights issued in relation to the second Increase in Capital, but must in any case comply with the legal requirements applicable from time to time.

The acquisition by the Company of the free-of-charge allocation rights as a result of the Purchase Commitment shall be carried out with a charge to the reserves contemplated in Section 303.1 of the *Companies Act*.

The Company shall waive the new shares corresponding to the free-of-charge allocation rights that it has acquired by application of the Purchase Commitment. In such an event, pursuant to the provisions of Section 311 of the *Companies Act*, there will be an incomplete allocation of the Increase in Capital corresponding to the Second Implementation, and the share capital shall be increased solely by the amount corresponding to the free-of-charge allocation rights that have not been waived.



4. Common characteristics of the Increases in Capital

The amount of each of the Increases in Capital shall be the amount resulting from multiplying: (a) the nominal value of each share of the Company, equal to seventy-five euro cents; by (b) the total determinable number of new shares of the Company to be issued, in accordance with the formula set forth in section 4.1 below, on the date of each of the Implementations (the new shares of the Company issued by way of implementation of each of the Increases in Capital shall be collectively referred to as the “**New Shares**”, and each one, individually, as a “**New Share**”).

Both Increases in Capital shall be carried out, if at all, by means of the issuance and flotation, on their respective dates of Implementation, of the New Shares, which shall be ordinary shares having a nominal value of seventy-five euro cents each, of the same class and series as those currently outstanding, represented by book entries.

The Increases in Capital shall be entirely carried out with a charge to the reserves contemplated in Section 303.1 of the *Companies Act*. When implementing each of the Increases in Capital, the Board of Directors, with express power of substitution shall determine the reserve(s) to be used and the amount of such reserve(s) in accordance with the balance sheet used as a basis for the transaction.

The New Shares shall be issued at par, i.e. at their nominal value of seventy-five euro cents, without a share premium, and shall be allocated without charge to the shareholders of the Company who have opted for this remuneration alternative.

Pursuant to the provisions of Section 311 of the *Companies Act*, the possibility of an incomplete allocation of the Increases in Capital is contemplated in the event that the Company, a company within its group, a shareholder or a third party waives all or part of the free-of-charge allocation rights to which they are entitled at the time of implementation of each of the Increases in Capital, for which reason, in the event of such waiver, the share capital shall be increased by the corresponding amount. For these purposes, it shall be deemed that those who have chosen to receive their remuneration in cash by means of collecting the Dividend in question with respect to all or part of their shares expressly, automatically and irrevocably waive the free-of-charge allocation rights corresponding to said shares, upon the terms and conditions set forth herein.

4.1 New Shares to be issued in each of the Increases in Capital

The maximum number of New Shares to be issued in each of the Increases in Capital shall be the number resulting from the application of the following formula, with the resulting number being rounded to the next lower integer:

$$\text{NNS} = \text{TNShrs.} / \text{Num. rights}$$

where:

NNS = Maximum number of New Shares to be issued within the framework of the relevant Increase in Capital;

TNShrs. = Number of shares of the Company outstanding on the date that the Board of Directors (with express power of substitution) resolves to implement the relevant Increase in Capital. In this regard, those shares of the Company that have previously been retired by virtue



of the implementation of the resolution approving the reduction in share capital by means of the retirement of own shares submitted to the shareholders for approval at the General Shareholders' Meeting under item 12 on the agenda, even if the corresponding public instrument formalising the reduction in share capital has not been executed or is pending registration with the Commercial Registry, shall not be deemed to be outstanding shares of the Company; and

Num. rights = Number of free-of-charge allocation rights required for the allocation of one New Share within the framework of the relevant Increase in Capital, which number will result from the application of the following formula, with the result being rounded to the next higher integer:

Num. rights = $TNShrs. / Provisional\ number\ of\ shares$

where:

Provisional number of shares = $Amount\ of\ the\ Option / ListPri.$

For these purposes, "**Amount of the Option**" shall mean the maximum reference market value of the relevant Increase in Capital to be set by the Board of Directors (with express power of substitution) and which shall not be greater than the amount referred to in the proposed Increase in Capital resolutions submitted for the approval of the shareholders at the General Shareholders' Meeting under items 10 and 11 on the agenda (i.e. €2,275 and €1,500 million, respectively).

For its part, "**ListPri**" shall be the arithmetic mean of the average weighted listing prices of the Company's shares on the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges through the Automated Quotation System (Sistema de Interconexión Bursátil) (Continuous Market) for the five trading sessions determined by the Board of Directors (or the body acting by delegation therefrom) to set the number of free-of-charge allocation rights needed for the allocation of one New Share in the relevant Increase in Capital, with the result being rounded to the closest one-thousandth part of one euro.

The maximum number of new shares to be issued thus calculated shall be rounded to obtain a whole number of shares (with the result being rounded to the next lower integer) and a ratio for the conversion of rights into shares that is also an integer (with the result being rounded to the next higher integer). In addition, and for the same purposes, the Company (or any company within its group that holds shares of the Company) shall waive the corresponding free-of-charge allocation rights as provided in section 4.2 below.

Furthermore, the gross amount per share of the Dividend in question, or if the Requirements are not met in the Second Implementation, the Fixed Purchase Price per free-of-charge allocation right will be that which results from the application of the following formula, rounding the result to the closest one-thousandth part of one euro:

Dividend (or, if applicable, Fixed Purchase Price) = $ListPri / (Num.\ rights + 1)$



4.2 Free-of-charge allocation rights

In each of the Increases in Capital, each outstanding share of the Company on the date of Implementation of the corresponding Increase in Capital (TNShrs.) shall grant its holder one free-of-charge allocation right.

The number of free-of-charge allocation rights required to receive one New Share in each of the Increases in Capital shall be automatically determined according to the ratio existing between the number of outstanding shares of the Company on the date of Implementation of the relevant Increase in Capital (TNShrs.) and the provisional number of New Shares, calculated by using the formula contained in section 4.1 above. Specifically, the holders of free-of-charge allocation rights shall be entitled to receive one New Share for the number of free-of-charge allocation rights held by them, which shall be determined as provided in section 4.1 above (Num. rights).

In the event that the number of free-of-charge allocation rights required for the allocation of one New Share (Num. rights) multiplied by the number of New Shares to be issued (NNS) results in a number that is lower than the number of outstanding shares of the Company on the date of Implementation of the corresponding Increase in Capital (TNShrs.), the Company (or any company within its group that holds shares of the Company) shall waive a number of free-of-charge allocation rights equal to the difference between both figures for the sole purpose that the number of New Shares be a whole number and not a fraction.

The free-of-charge allocation rights shall be allocated to those who are registered as being entitled thereto in the book-entry registers of IBERCLEAR on the relevant date pursuant to the securities clearing and settlement rules from time to time in effect. In this regard, the Company will waive the free-of-charge allocation rights corresponding to the shares of the Company that have been retired prior to the date of Implementation of the corresponding Increase in Capital if said shares have not yet been removed from the book-entry registers of IBERCLEAR because the corresponding public instrument formalising the implementation of the resolution on the reduction in share capital, the approval of which is submitted to the shareholders at the General Shareholders' Meeting under item 12 on the Agenda, has not yet been executed or is still pending registration.

The free-of-charge allocation rights shall be transferable upon the same terms as the shares from which they derive and may be traded on the market during such term as is established by the Board of Directors (with express power of substitution) in implementing the relevant Increase in Capital, which term shall not be less than fourteen calendar days. During such term, a sufficient number of free-of-charge allocation rights may be acquired on the market in the proportion required to receive New Shares. Notwithstanding the foregoing, the free-of-charge allocation rights acquired on the market during the trading period established for this purpose shall not give the acquiring party the right to choose to receive the corresponding Dividend (or, if applicable, to enforce the Purchase Commitment and receive the Fixed Purchase Price). Therefore, the new holders of these free-of-charge allocation rights may only monetise their investment through the sale thereof on the market during said trading period that has been activated for this purpose. Alternatively, they may choose to receive the newly-issued bonus shares to which they are entitled at the end of the aforementioned trading period.



Therefore, during the trading period for the free-of-charge allocation rights, subject to any other terms and conditions established by the Board of Directors (with express power of substitution), the holders of the free-of-charge allocation rights may choose between:

- (a) receiving their remuneration in New Shares, in which case, at the end of the period for trading the free-of-charge allocation rights, they shall be allocated the New Shares to which they are entitled pursuant to the terms and conditions of the implementation of the Increase in Capital in question;
- (b) transferring all or part of their free-of-charge allocation rights on the market, in which case the consideration that the holders of free-of-charge allocation rights will receive for the sale thereof will depend on market conditions in general and on the listing price of said rights in particular; or
- (c) only during the Common Election Period determined by the Board of Directors (with express power of substitution), receiving their remuneration in cash by collecting the corresponding Dividend (or, if applicable, by collecting the Fixed Purchase Price), for which purpose the shareholders shall be required to make an express election in this regard. The shareholders may choose to receive their cash remuneration with respect to all or part of their shares.

In this case, it shall be deemed that those choosing to receive their remuneration in cash with respect to all or part of their shares expressly, automatically and irrevocably waive the free-of-charge allocation rights corresponding to said shares and the ability to transfer them on the market. To this end, the participants in IBERCLEAR will block said free-of-charge allocation rights, which may not be transferred on the market and which shall automatically expire at the end of the trading period, without the holders thereof being entitled to receive New Shares.

As mentioned above, the free-of-charge allocation rights acquired on the market during the trading period established for this purpose shall not give the acquiring parties the right to choose to receive the Dividend (nor, if applicable, the Fixed Purchase Price). Therefore, the new holders of these rights may only monetise their investment through the sale thereof on the market during said trading period that has been activated for this purpose. Alternatively, they may choose to receive the newly-issued bonus shares to which they are entitled at the end of the aforementioned trading period.

Based on their preferences and needs, the Company's shareholders may combine any of the alternatives mentioned in paragraphs (a) through (c) above. In any event, the election of one of the remuneration options automatically excludes the ability to choose either of the other two options regarding the same shares, for which reason the ability to combine options referred to above will only be possible with respect to different groups of shares.

The Company assumes no liability for the choices made by the holders of the free-of-charge allocation rights (or for a failure to choose, if an express and valid communication is not received from said holders).

It is also stated for the record that the only period authorised for the holders of free-of-charge allocation rights to communicate to the entities with which their rights are deposited their preferences regarding the remuneration options is the Common Election Period, regardless of



whether they are institutional or minority holders of rights. The Company assumes no liability for a breach of this period by the depositaries (whether due to not accepting communications during a portion of the Common Election Period or for accepting them after the passage of said period, or for any other reason), for which reason any claim in this regard must be addressed by the shareholders or holders of free-of-charge allocation rights to the depositary in question.

4.3 Balance sheet for the transaction and reserve with a charge to which the Increases in Capital are carried out

The balance sheet used as a basis for the two Increases in Capital is the one for the financial year ended 31 December 2022, duly audited and submitted to the shareholders for approval at this General Shareholders' Meeting under item 1 on the agenda.

The Increases in Capital shall be entirely carried out with a charge to the reserves contemplated in Section 303.1 of the *Companies Act*. When implementing each of the Increases in Capital, the Board of Directors (with express power of substitution) shall determine the reserve(s) to be used and the amount of such reserve(s) in accordance with the balance sheet used as a basis for the transaction.

4.4 Representation of the New Shares

The New Shares will be represented by book entries, the book-entry registration of which is entrusted to IBERCLEAR and its participants.

4.5 Rights attaching to the New Shares

As from the date on which the relevant Increase in Capital is declared to be subscribed and paid up, the New Shares shall grant the holders thereof the same financial, voting and like rights as the ordinary shares of the Company then outstanding.

4.6 Shares on deposit

Once the period for trading the free-of-charge allocation rights during each of the Increases in Capital has ended, the New Shares that could not be allocated for reasons not attributable to the Company shall be kept on deposit for those who provide evidence that they are the lawful holders of the corresponding free-of-charge allocation rights. Once three years have passed from the end of each of the periods for trading the free-of-charge allocation rights, the New Shares issued by virtue of the relevant Increase in Capital that are still pending allocation may be sold in accordance with the provisions of Section 117 of the *Companies Act*, at the expense and peril of the interested parties. The cash amount from such sale shall be deposited with Banco de España or with Caja General de Depósitos at the disposal of the interested parties.

4.7 Application for admission to trading

The Company shall make application for trading the New Shares to be issued as a consequence of each of the Increases in Capital on the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges, through the Automated Quotation System (*Sistema de Interconexión Bursátil*) (Continuous Market), and shall carry out such acts and formalities as are required and submit the documents needed to the appropriate bodies for admission to trading of the



New Shares issued as a result of each of the approved Increases in Capital, with an express statement for the record of the Company's submission to the rules that may now or hereafter exist with respect to Stock Exchange matters, and especially regarding trading, continued trading and removal from trading on official markets.

Any subsequent request for removal from trading of the shares of the Company shall be adopted with the same formalities as those that apply to the application for trading and, in such event, the interests of the shareholders opposing or not voting on the resolution to remove shall be safeguarded, in compliance with the requirements set out in applicable law at such time.

5. Application of the “Iberdrola Retribución Flexible” optional dividend system. Implementations

Within a period of one year from the date of approval of this resolution, the Board of Directors (with express power of substitution) may set the date on which each Implementation must be carried out and set the terms and conditions thereof as to all matters not provided for in this resolution (including, in particular, the Amount of the Option corresponding to each of the Implementations and the Supplementary Dividend).

Furthermore, it is expected that prior to 31 December 2023, the Board of Directors will determine the Interim Dividend to be paid for purposes of the Second Implementation as well as the other conditions applicable to the Interim Dividend, pursuant to the provisions of Section 277 of the *Companies Act*. To this end, and in accordance with the provisions of Section 161 of the *Companies Act*, the shareholders acting at this General Shareholders' Meeting hereby instruct the Board of Directors, if the Requirements are met, to approve the payment of the Interim Dividend and set the terms and conditions applicable to the corresponding Dividend Payment, all in order to carry out the Second Implementation.

Notwithstanding the foregoing, if the Board of Directors (with express power of substitution) does not deem it advisable to carry out one or both Implementations, in whole or in part, within the aforementioned period, it may refrain from doing so, with the duty to inform the shareholders thereof at the next General Shareholders' Meeting.

Specifically, the Board of Directors (with express power of substitution) shall analyse and take into account the market conditions, the circumstances of the Company itself or those deriving from an event that has social or financial significance for the Company, and if these or other factors make it inadvisable, in its opinion, to carry out one or both Implementations, it may refrain from doing so. In addition, the resolutions approved by the shareholders at this General Shareholders' Meeting relating to the Supplementary Dividend and to the Increases in Capital shall be deprived of any and all effect in the event that the Board of Directors (or the body acting by delegation therefrom) does not exercise the powers delegated thereto or, in the case of the Second Implementation, does not approve the payment of the Interim Dividend or honour the Purchase Commitment, within a period of one year from approval of the resolutions.

Once the period for trading the free-of-charge allocation rights corresponding to each of the Increases in Capital has ended, the following shall apply:



- (a) The New Shares shall be allocated to those who, according to the book-entry registers maintained by IBERCLEAR and its participants, are the holders of free-of-charge allocation rights in the proportion resulting from section 4 above due to not having waived them on the terms provided above.
- (b) The period for trading the free-of-charge allocation rights shall be declared to have ended and the appropriation of the account(s) with a charge to which the relevant Increase in Capital will be implemented shall be formalised on the books in the respective amount, with which appropriation the Increase in Capital will be paid up.
- (c) The Company shall pay the Supplementary Dividend or the Interim Dividend (or, if the Requirements are not met within the framework of the Second Implementation, the Fixed Purchase Price), as applicable, to the shareholders that have expressly chosen this remuneration option within the period and subject to the terms and conditions determined for these purposes by the Board of Directors (with express power of substitution), pursuant to the provisions of section 2 above.

Likewise, once each of the periods for trading the free-of-charge allocation rights has ended, the Board of Directors (with express power of substitution) shall adopt the resolutions required to amend the *By-Laws* so that they reflect the new amount of the share capital and the number of shares resulting from the implementation of the relevant Increase in Capital, and to make application for trading of the resulting New Shares on the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges, through the Automated Quotation System (Continuous Market).

6. Delegation to carry out each of the Implementations

In particular, and by way of example only, the following powers are delegated to the Board of Directors (with express power of substitution):

- (a) To set the date on which each of the Implementations must be carried out, which shall in any case be within a period of one year from the approval of this resolution, and to determine the specific schedule for each of the Implementations.
- (b) As regards each of the Implementations, to set the Amount of the Option, the amount of the Supplementary Dividend (in the case of the First Implementation), the number of New Shares and the number of free-of-charge allocation rights necessary for the allocation of one New Share, applying the rules established by this resolution for such purpose.
- (c) To determine the reserve(s), among those contemplated in this resolution, with a charge to which each of the Increases in Capital will be implemented.
- (d) To designate the company or companies that will assume the duties of agent and/or financial adviser in connection with each of the Implementations, and sign all required contracts and documents for such purpose. In particular, to appoint the entity that must act as paying agent in each of the Dividend Payments.
- (e) To set the duration of the periods for trading the free-of-charge allocation rights corresponding to each of the Increases in Capital.



- (f) As regards each of the Implementations, to set the specific duration of the Common Election Period and the terms and conditions under which the shareholders may state their preferences regarding the receipt of their remuneration (in cash or in New Shares).
- (g) After the Common Election Period for each Implementation has ended, to determine the aggregate gross amount in euros corresponding to the Dividend Payment in question and to make payment thereof through the participants in IBERCLEAR.
- (h) To declare the Increases in Capital to be closed and implemented, for such purpose setting the number of New Shares actually allocated in each of them, and therefore the amount by which the Company's share capital must be increased in accordance with the rules established by the shareholders at this General Shareholders' Meeting, as well as declare, if applicable, the existence of an incomplete allocation of each of the Increases in Capital.
- (i) To rescind the resolution on payment of the corresponding Dividend with respect to the amounts that were not paid to those shareholders who elected (expressly or implicitly) to receive New Shares.
- (j) In the case of the First Implementation, to determine the aggregate total amount to be paid as a dividend with a charge to the results for the financial year ended 31 December 2022 pursuant to the provisions of item 9 on the agenda (i.e. the final amount of the Supplementary Dividend), to specify, in view of said amount, the amount of the total basis for distribution established in said item on the agenda to be allocated to remainder, and to complete the resulting proposed allocation of profits/losses and payment of the dividend for financial year 2022.
- (k) In the case of the First Implementation and if the Board of Directors, with express power of substitution, does not deem it appropriate to implement the First Implementation, in whole or in part, during said period, to determine the aggregate total amount that has been paid as a dividend with a charge to the results for the financial year ended 31 December 2022 (which shall be equal to the total amount paid on account of the dividend for said financial year), to specify the amount of the total basis for distribution established in said item on the agenda to be allocated to remainder, and to complete the resulting proposed allocation of profits/losses and payment of the dividend for financial year 2022.
- (l) To amend the article of the *By-Laws* setting the share capital such that it reflects the amount of share capital and the number of outstanding shares resulting from the implementation of the relevant Increase in Capital.
- (m) To waive, if appropriate, and in each of the Increases in Capital, free-of-charge allocation rights to subscribe New Shares for the sole purpose of facilitating that the number of New Shares be a whole number and not a fraction, as well as any free-of-charge allocation rights allocated to shares of the Company that have been retired prior to the date of implementation of the corresponding Increase in Capital if said shares have not yet been removed from the book-entry registers of IBERCLEAR because the corresponding public instrument formalising the implementation of the resolution approving the reduction in share capital, the approval of which is submitted to the shareholders at the General Shareholders' Meeting under item 12 on the agenda, has not yet been executed or is still pending registration.
- (n) If the Purchase Commitment must be honoured within the framework of the Second Implementation due to the Requirements for the payment of the Interim Dividend not having been met, to determine the acquisition by the Company of the corresponding free-of-charge allocation rights, set the period of time during which the Purchase Commitment will be in effect



(within the limits established in the resolutions), honour the Purchase Commitment by paying the corresponding amounts to the shareholders who have accepted said commitment, waive the free-of-charge allocation rights owned by the Company at the end of the trading period of the Second Implementation as a result of the Purchase Commitment, and thus the New Shares corresponding to such rights, and take any other measures or actions needed to fully honour the Purchase Commitment.

- (o) To take all steps required for the New Shares to be included in the book-entry registers of IBERCLEAR and admitted to trading on the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges through the Automated Quotation System (Continuous Market) after each of the Increases in Capital.
- (p) To take any actions that are necessary or appropriate to implement and formalise each of the Increases in Capital before any Spanish or foreign public or private entities or agencies, including acts for purposes of representation, supplementation, or correction of defects or omissions that might prevent or hinder the full effectiveness of the foregoing resolutions.
- (q) To approve and implement such technical or other mechanisms as IBERCLEAR and the IBERCLEAR participants may deem necessary or appropriate in order to make any corresponding payment on account.

7. Sample calculation relating to the First Implementation

Set out below, solely for purposes of facilitating an understanding of the application hereof, is a sample calculation, in the case of the First Implementation, of the maximum number of new shares to be issued in the increase in share capital submitted for the approval of the shareholders at the General Shareholders' Meeting under item 10 on the agenda, of the maximum nominal value of such increase, of the number of free-of-charge allocation rights required for the allocation of one new share and of the Dividend (which in this First Implementation would be the Supplementary Dividend).

The results of these calculations are not representative of those that might be obtained, which, in the case of the First Implementation, will depend on the different variables used in the formulas (basically, the listing price of the Company's shares at that time (ListPri) and the Amount of the Option, as determined by the Board of Directors (with express power of substitution) in exercise of the power delegated by the shareholders at the General Shareholders' Meeting).

Solely for the purposes of this example:

- The Amount of the Option is €2,026 million.
- The TNShrs. is 6,240,000,000¹.
- A ListPri of €10.710 is assumed (solely for the purposes of this example, the listing price of the Company's shares at the closing of the trading session of 8 March 2023 has been used as a reference).

¹ For purposes of this example, it is assumed that this would be the total number of shares of the Company outstanding after the implementation of the reduction in share capital provided for in the resolution corresponding to item 12 on the agenda if it is implemented in the total maximum amount thereof (i.e. 6,240,000,000 outstanding shares of the Company).



Therefore:

Provisional number of shares = Amount of the Option / ListPri	$2,026,000,000 / 10.710 = 189,169,000.933707 \approx 189,169,000$ shares (rounded downwards)
Num. rights = TNShrs. / Provisional number of shares	$6,240,000,000 / 189,169,000 = 32.9863772605448000 \approx 33$ rights (rounded upwards)
NNS = TNShrs. / Num. rights	$6,240,000,000 / 33 = 189,090,909.090909 \approx 189,090,909$ shares (rounded downwards)
Dividend = ListPri / (Num. rights + 1)	$10.710 / (33 + 1) = 0.315$ euro

Therefore:

- (i) The maximum number of shares to be issued in the First Implementation would be 189,090,909.
- (ii) The maximum nominal amount of the increase in share capital submitted for approval of the shareholders at the General Shareholders' Meeting under item 10 on the agenda would be €141,818,181.75 (189,090,909 x 0.75).
- (iii) 33 free-of-charge allocation rights (or old shares) would be necessary for the allocation of one new share².
- (iv) In this example, the Supplementary Dividend would be equal to €0.315 (gross) per share.

ITEM 12 ON THE AGENDA

Reduction in capital by means of the retirement of a maximum of 206,364,000 own shares (3.201% of the share capital)

RESOLUTION

1. Reduction in share capital by means of the retirement of own shares

To reduce the share capital of "Iberdrola, S.A." (the "**Company**") by a maximum of €154,773,000.00 through the retirement of a maximum of 206,364,000 own shares, each with a nominal value of €0.75, representing not more than 3.201% of the share capital at the time of approval of the corresponding resolution by the shareholders at the General Shareholders' Meeting (the "**Reduction in Capital**").

² In this example, the Company (or a company of its group that holds shares of the Company) would be required to waive 3 free-of-charge allocation rights.



The Reduction in Capital shall be implemented by means of:

- i. The acquisition of shares for their retirement through:
 - (i) the implementation of a programme for the buy-back of own shares, targeted at all the shareholders, approved by the Board of Directors at its meeting held on 14 March 2023³ (the “**Buy-back Programme**”), which will be launched following the call to the General Shareholders' Meeting; and
 - (ii) the settlement of certain derivatives acquired by the Company prior to the date on which the Board of Directors (or the body acting by delegation therefrom) launches the Buy-back Programme (the “**Settlement of Derivatives**”).
- ii. The retirement of own shares held in treasury following the close of the trading session on the day prior to the date on which the Board of Directors (or the body acting by delegation therefrom) launches the Buy-back Programme (the “**Treasury Shares**”).

The Company shall communicate both the approval and the launch of the Buy-back Programme to the market by issuing the corresponding notices of other relevant information, which shall be published on the corporate website (www.iberdrola.com) and on the website of the National Securities Market Commission (*Comisión Nacional del Mercado de Valores*) (CNMV) (www.cnmv.es).

The terms and conditions of the Buy-back Programme (including the setting of the maximum number of shares to be acquired within the framework thereof and its effective period), the maximum potential amount of the Settlement of Derivatives, and the final figures for the Treasury Shares and the Reduction in Capital shall be set by the Company's Board of Directors (with express power of substitution).

Once the Board of Directors (or the body acting by delegation therefrom) has determined the final amount of the Reduction in Capital, Article 10 of the By-Laws setting the share capital would be amended such that it reflects the new amount of share capital and the new number of outstanding shares.

2. Procedure for acquisition of the shares that will be retired

The total number of shares that the Company will be able to retire will be the result of adding: (a) the shares acquired through the Buy-back Programme and the Settlement of Derivatives; and (b) the Treasury Shares. This number will be a maximum of 206,364,000 own shares, each with a nominal value of €0.75, representing not more than 3.201% of the Company's share capital (the “**Maximum Limit**”).

As provided in the resolution of the Board of Directors approved at its meeting held on 14 March 2023, own shares shall be acquired within the framework of the Buy-back Programme subject to the terms as to price and volume established in the Regulations.

³ Pursuant to: (i) Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse and Commission Delegated Regulation (EU) No 2016/1052 of 8 March 2016 supplementing Regulation (EU) No 596/2014 of the European Parliament and of the Council with regard to regulatory technical standards for the conditions applicable to buy-back programmes and stabilisation measures (the “**Regulations**”); and (ii) the authorisation granted by the shareholders at the General Shareholders' Meeting held on second call on 17 June 2022 under item 19 on the agenda.



In order to observe the Maximum Limit in any case, an overall limitation would apply to the maximum number of shares to be retired that have been acquired in implementation of the Buy-back Programme and pursuant to the Settlement of Derivatives (the “**Overall Limit**”).

If the shares acquired in implementation of the Buy-back Programme and pursuant to the Settlement of Derivatives exceeds the Overall Limit, all of the own shares acquired in implementation of the Buy-back Programme would first be retired. On the other hand, a number equal to the difference between the Overall Limit and the shares actually acquired in implementation of the Buy-back Programme would be retired from the own shares acquired pursuant to the Settlement of Derivatives. In this way, the remainder of any own shares acquired as a result of the Settlement of Derivatives would not be subject to retirement on occasion of the Reduction in Capital and would remain in treasury, always within the limits provided by applicable law.

Furthermore, pursuant to Section 340.3 of the Companies Act, if the Company does not acquire the maximum number of 206,364,000 own shares (taking into account Treasury Shares and shares acquired through the Buy-back Programme and the Settlement of Derivatives), the share capital shall be understood to be reduced by the sum of:

- i. the Treasury Shares; plus
- ii. the amount corresponding to the sum of the shares effectively acquired under the Buy-back Programme and the Settlement of Derivatives.

In contrast, in the event that: (a) the number of shares acquired under the Buy-back Programme and the Settlement of Derivatives in addition to (b) the Treasury Shares (together, the “**Shares Subject to Retirement**”) exceeds the maximum number of own shares covered by the Reduction in Capital (206,364,000 shares), the difference between the number of Shares Subject to Retirement and the 206,364,000 shares covered by the Reduction in Capital shall not be retired.

3. Procedure for the reduction and reserves with a charge to which it is carried out

Pursuant to the provisions of Section 342 of the *Companies Act*, the Reduction in Capital must be implemented within one month following the expiration of the Buy-back Programme.

The Reduction in Capital does not entail a return of contributions to the shareholders because the Company itself is the holder of the shares being retired, and it shall be carried out with a charge to unrestricted reserves by funding a retired capital reserve in an amount equal to the nominal value of the retired shares; such reserve may only be used by complying with the same requirements as those applicable to a reduction in share capital, as provided by Section 335 c) of the *Companies Act*.

Therefore, in accordance with the provisions of such section, creditors of the Company will not be entitled to assert the right of objection contemplated by Section 334 of the *Companies Act* in connection with the Reduction in Capital.

4. Ratification of the resolutions of the Board of Directors

To ratify both the resolutions of the Board of Directors regarding the approval of the Buy-back Programme as well as the actions, statements and formalities regarding the public communication of the Buy-back Programme to date.



5. Delegation of powers

To delegate to the Board of Directors, with express power of substitution, the powers necessary to implement this resolution within a period not to exceed one month following the expiration of the Buy-back Programme, with authority to establish any terms that are not expressly set forth in this resolution or that are a consequence hereof. In particular, and by way of example only, the following powers are delegated to the Board of Directors, with express power of substitution:

- (a) To perform any acts, make any statements or take any steps that may be required in connection with the public communication of the Buy-back Programme and with the formalities, if any, that must be carried out at Spanish regulatory agencies and Stock Exchanges; and negotiate, agree to and sign all contracts, agreements, commitments or instructions that may be necessary or appropriate for the successful completion of the Buy-back Programme.
- (b) To cause all announcements required by law to be published, acquire the shares under the Buy-back Programme and retire them within one month following the expiration of the Buy-back Programme, in accordance with the terms approved herein.
- (c) To declare the approved Reduction in Capital to be completed and implemented, establishing, for such purpose, the final number of shares that must be retired and, as a result, the amount by which the share capital of the Company must be reduced in accordance with the terms established in this resolution.
- (d) To set the final amount of the Reduction in Capital based on the provisions of this resolution and establish any other terms that may be required to implement it, including, without limitation, the setting of the unrestricted reserves account that will be used to fund the retired capital reserve, all in accordance with the terms and conditions set forth above.
- (e) To amend Article 10 of the *By-Laws* setting the share capital such that it reflects the amount of share capital and the number of outstanding shares resulting from the implementation of the Reduction in Capital.
- (f) To take such steps and carry out such formalities as may be required and submit such documents as may be necessary to the competent bodies such that, once the shares of the Company have been retired and the notarial instrument for the Reduction in Capital has been executed and registered with the Commercial Registry, the retired shares are delisted from the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges, through the Automated Quotation System (Continuous Market), and they are removed from the corresponding book-entry registers of "Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A." (Sociedad Unipersonal) (IBERCLEAR).
- (g) To perform all acts that may be necessary or appropriate to implement and formalise the Reduction in Capital before any Spanish or foreign public or private entities and agencies, including acts for purposes of representation, supplementation, or correction of defects or omissions that might prevent or hinder the full effectiveness of the foregoing resolutions.

Pursuant to the provisions of Section 249 *bis.1*) of the *Companies Act*, to expressly authorise the Board of Directors to further delegate the powers referred to in this resolution.



ITEM 13 ON THE AGENDA

Consultative vote on the *Annual Director Remuneration Report 2022*

RESOLUTION

To approve, on a consultative basis, the *Annual Director Remuneration Report* for financial year 2022.

ITEM 14 ON THE AGENDA

Strategic bonus for professionals of the companies of the Iberdrola group linked to the Company's performance during the 2023-2025 period, to be paid on a fractional and deferred basis through the delivery of shares.

RESOLUTION

Pursuant to the provisions of Section 219 of the *Companies Act* and Article 48.4 of the *By-Laws* of "Iberdrola, S.A." (the "**Company**"), to approve the establishment of a strategic bonus to be paid on a fractional and deferred basis through the delivery of shares of the Company and aimed at the executive directors, management personnel and other professionals of the Company and of those companies belonging to the group of which the Company is the controlling entity within the meaning established by law (the "**Iberdrola Group**"), other than the country subholding companies whose shares are traded on stock exchanges and the companies of the Iberdrola Group that carry out regulated activities in Spain (the "**2023-2025 Strategic Bonus**"), in accordance with the following terms:

1. Description

The 2023-2025 Strategic Bonus is a long-term incentive linked to the Company's performance in relation to the development of the Outlook 2023-2025 approved by the Board of Directors and any updates thereof presented to investors (the "**Outlook**"). The Company's performance at 31 December 2025 will be evaluated based on the following financial, business and sustainable development parameters, which anticipate an ambitious and challenging scenario for a company that is not content to simply continue with its profitable growth, financial strength and commitment to the Sustainable Development Goals, but seeks to further strengthen its leadership within the electricity sector in the energy transition and in decarbonisation:

1. Surpass the current Outlook. A target consolidated net profit for the Iberdrola Group in 2025 of €5,400 million is established, representing an increase of approximately 25% over the Iberdrola Group's record consolidated net profit in 2022. This parameter shall be deemed to have not been met if the consolidated net profit for financial year 2025 does not reach €5,000 million.
2. Increase the Company's total shareholder return over the 2023-2025 period compared to the total shareholder return of the Euro Stoxx Utilities Index. The objective is to again outperform the Euro Stoxx Utilities Index by 5 percentage points over the 2023-2025 period, an ambitious target considering the geographic diversification of the businesses of the Iberdrola Group's companies. This parameter shall be deemed to have not been met if the Company's total shareholder return is at least 5 percentage points less than that of the Euro Stoxx Utilities Index.



3. Parameters relating to financial targets:

- a. Maintain financial strength as measured by the Company's long-term credit rating. The objective is to maintain the following long-term credit ratings for the Company by year-end 2025 according to at least two of the three rating agencies: BBB+ according to Standard & Poor's, Baa1 according to Moody's and BBB+ according to Fitch Ratings. This parameter shall be deemed to have not been met if the Company's long-term credit rating according to at least two of the three agencies is below BBB+ according to Standard & Poor's, Baa1 according to Moody's or BBB+ according to Fitch Ratings.
- b. Increase ESG financing, understood as all financial instruments (loans, credit facilities, bonds, commercial paper, etc.) issued in accordance with the green financing frameworks of the Company or its subsidiaries or linked to sustainability goals. It is established as a target that new ESG financing issued by the Iberdrola Group between 2023 and 2025 should represent at least 80% of the total new financing issued by the Iberdrola Group during this period. This parameter shall be deemed to have not been met if the new ESG financing issued by the Iberdrola Group between 2023 and 2025 represents less than 80% of the total financing issued by the Iberdrola Group during this period.

4. Parameters relating to the Sustainable Development Goals ("SDGs"):

- a. Reduction in the intensity of specific CO₂ emissions of the Iberdrola Group, as a benchmark linked to SDGs 7 (*Affordable and clean energy*) and 13 (*Climate action*). This parameter shall be deemed to have been met if, taking into account a normal rainfall period, a level equal to or less than 70 grCO₂/kWh in the intensity of own CO₂ emission is reached by 2025. This target represents a demanding 27% reduction compared to the intensity of the Iberdrola Group's 2021 specific CO₂ emissions and an even greater reduction compared to the 200 grCO₂/kWh of the average specific CO₂ emissions intensity in 2021 of all electricity companies included in the Euro Stoxx Utilities Index. This parameter shall be deemed to have not been met if the intensity of specific CO₂ emissions for 2025 exceeds 88 grCO₂/kWh.
- b. Increase the number of suppliers subject to sustainable development policies and standards, such as having: (i) a human rights strategy; (ii) a suppliers' code of conduct; (iii) health and safety standards (SDG 3); and (iv) a global environmental sustainability strategy, including strategies on water (SDG 6), energy (SDG 7) and biodiversity (SDGs 14 and 15).

The goal is established for at least 85% of the Iberdrola Group's main suppliers (those invoicing the Iberdrola Group more than one million euros) to be subject to these policies by 2025, which represents a 6.25% increase over year-end 2022. This parameter shall be deemed to have not been met if the percentage is less than 80% by year-end 2025 (corresponding to the percentage of main sustainable suppliers of the Iberdrola Group at year-end 2022).

- c. Increase the number of women in senior positions within the Iberdrola Group, corresponding to SDGs 5 (*Gender equality*) and 10 (*Reduced inequalities*).

The goal is established for at least 30% of senior positions within the Iberdrola Group to be held by women by 2025, which represents a 15.38% increase over year-end 2022. This parameter shall be deemed to have not been met if the percentage is less than 26% by year-



end 2025 (corresponding to the percentage of women in senior positions of the Iberdrola Group at year-end 2022).

The specific weight of each of these parameters in the overall evaluation of performance over the 2023-2025 period will be:

- 30% for the Iberdrola Group's consolidated net profit parameter.
- 20% for the Company's total shareholder return parameter.
- 20% for the parameters relating to financial targets. The first indicator (maintaining financial strength) shall be given a weighting of 15 percentage points, while the second indicator (ESG financing) shall be given a weighting of 5 percentage points.
- 30% for the parameters relating to the SDGs. Each of the three indicators shall contribute 10 percentage points.

2. Beneficiaries

The 2023-2025 Strategic Bonus is aimed at executive directors, management personnel and other professionals of the Company and of the other companies of the Iberdrola Group (other than country subholding companies with shares traded on stock exchanges and the companies of the Iberdrola Group that carry out regulated activities in Spain) who, due to their position or responsibility, are deemed to contribute decisively to the creation of sustainable value and are included in the 2023-2025 Strategic Bonus during its term, pursuant to the resolutions adopted by the Board of Directors in execution thereof, with a maximum of 300 beneficiaries, as was the case with the previous 2020-2022 Strategic Bonus.

3. Amount

The maximum number of shares to be delivered to all the beneficiaries of the 2023-2025 Strategic Bonus shall be equal to the 14,000,000 shares established in the 2020-2022 Strategic Bonus, equal to 0.22% of the share capital at the time of the adoption of this resolution, of which 2,500,000 shares, equal to 0.04% of the share capital, shall correspond to the executive directors who act as such at any given time.

4. Term of the 2023-2025 Strategic Bonus

The 2023-2025 Strategic Bonus has a duration of 6 years, of which the period covering financial years 2023 to 2025 shall constitute the period for evaluating the level of performance in relation to the parameters to which the 2023-2025 Strategic Bonus is linked and the period covering financial years 2026 to 2028 constituting the period for payment thereof, which shall occur through the deferred delivery of shares during such 3-year period.

5. Evaluation, payment, cancellation and clawback

The Board of Directors, following a report from the Remuneration Committee, shall be responsible for evaluating the Company's performance with respect to the targets mentioned in section 1 of this resolution.



The benchmark parameters mentioned in said section are formulated in consideration of the current situation and circumstances of the Company.

In this regard, the overall performance evaluation should take into account any circumstances occurring after the approval of this 2023-2025 Strategic Bonus that have a material impact on the Outlook or on the main economic, financial and developmental variables of the Company (including a material change in the Outlook, a change in the macroeconomic, political and regulatory assumptions considered in the design thereof, corporate transactions, mergers, spin-offs, acquisitions or extraordinary dividends).

At the end of the evaluation period, the 2023-2025 Strategic Bonus shall accrue annually in equal instalments in the first half of 2026 and in the first quarter of 2027 and 2028. Each annual accrual and the corresponding payment thereof must be approved by the Board of Directors, following a report from the Remuneration Committee.

In this regard, during 2027 and 2028 and on the occasion of each delivery of shares, there shall be an evaluation as to whether it is appropriate to confirm or cancel, in whole or in part, the payment corresponding to each financial year, and also whether to demand the partial or total clawback of shares already delivered (or the amount thereof in cash) in the event of a material restatement of the financial statements on which the Board of Directors based the evaluation of the performance level, provided that such restatement is confirmed by the external auditors and is not due to a change in accounting rules.

The documentation developing the 2023-2025 Strategic Bonus shall also provide for the corresponding malus and clawback clauses establishing those situations in which the delivery to the beneficiary of the shares pending payment may be cancelled and the total or partial clawback of shares already delivered (or the amount thereof in cash) may be demanded. This documentation may also contemplate extraordinary and justified cases of early termination of the 2023-2025 Strategic Bonus and the ability in such cases for the Board of Directors to approve the payment of the 2023-2025 Strategic Bonus in cash on an exceptional basis, for which purpose the closing price of the shares on the first working day of the evaluation period shall be taken as the reference value of the shares.

Executive directors who are beneficiaries of the 2023-2025 Strategic Bonus may not transfer the shares delivered for a period of three years unless they directly or indirectly hold a number of shares equal to twice their annual fixed remuneration or unless authorised by the Board of Directors in exceptional circumstances.

6. Delegation of powers

To delegate to the Board of Directors, with express power of substitution, the powers required to implement, develop, formalise, execute and liquidate the 2023-2025 Strategic Bonus, adopting such resolutions and signing such public or private documents as may be necessary or appropriate for the full effect effectiveness thereof, including the power to cure, correct, amend or supplement this resolution. In particular, and by way of example only, pursuant to the provisions of Section 249.bis.I) of the Companies Act, the following powers are delegated to the Board of Directors, with express power of substitution, so that it may in turn delegate such powers:



- a) to designate the beneficiaries of the 2023-2025 Strategic Bonus, either at the time of establishment thereof or subsequently, and to determine the maximum number of shares allocated to each beneficiary;
- b) to revoke previous designations and allocations of shares, when appropriate;
- c) to set the terms and conditions of the 2023-2025 Strategic Bonus as to all matters not provided for in this resolution and to prepare the corresponding rules thereof, all within the framework of the contracts in effect with the beneficiaries, including, among other aspects, cases of early termination;
- d) to formalise and implement the 2023-2025 Strategic Bonus in the manner it deems appropriate, taking all action required for the best implementation thereof;
- e) to draft and sign and to submit as many public or private communications and documents as are necessary or appropriate to any public or private entity for the implementation and execution of the 2023-2025 Strategic Bonus;
- f) to engage in any action, statement or procedure with respect to any public or private body, entity or public registry to obtain any authorisation or verification required for the implementation and execution of the 2023-2025 Strategic Bonus;
- g) to designate any banking institution(s), depositaries or custodians that are to provide their services to the Company in relation to the formalisation and administration of the 2023-2025 Strategic Bonus and to negotiate, agree to and sign the corresponding agreements with the banking institution(s) thus selected, as well as such other contracts or agreements as may be appropriate with any other entities and, if applicable, with the beneficiaries, for the implementation and execution of the 2023-2025 Strategic Bonus, on such terms and conditions as it deems appropriate;
- h) to evaluate the level of performance in relation to the parameters to which the 2023-2025 Strategic Bonus is linked and proceed to the payment thereof, for which purposes it may obtain the advice of an independent expert; and
- i) in general, to take as many actions and sign as many documents as may be necessary or appropriate for the validity, effectiveness, implementation, development, execution, payment and success of the 2023-2025 Strategic Bonus.

ITEM 15 ON THE AGENDA

Re-election of Ms María Helena Antolín Raybaud as an external director

RESOLUTION

To re-elect Ms María Helena Antolín Raybaud as a director, following a report from the Appointments Committee, for the by-law mandated four-year term and with the classification of other external director.

**ITEM 16 ON THE AGENDA****Ratification and re-election of Mr Armando Martínez Martínez as an executive director**

To ratify the appointment of Mr Armando Martínez Martínez as a director (appointed on 25 October 2022 on an interim basis (co-option) by resolution adopted by the Board of Directors, after a report from the Appointments Committee), and to re-elect him, also after a report from the Appointments Committee, for the bylaw-mandated four-year term, with the classification of executive director.

ITEM 17 ON THE AGENDA**Re-election of Mr Manuel Moreu Munaiz as an independent director****RESOLUTION**

To re-elect Mr Manuel Moreu Munaiz as a director, upon a proposal of the Appointments Committee, for the by-law mandated four-year term and with the classification of independent director.

ITEM 18 ON THE AGENDA**Re-election of Ms Sara de la Rica Goiricelaya as an independent director****RESOLUTION**

To re-elect Ms Sara de la Rica Goiricelaya as a director, upon a proposal of the Appointments Committee, for the by-law mandated four-year term and with the classification of independent director.

ITEM 19 ON THE AGENDA**Re-election of Mr Xabier Sagredo Ormaza as an independent director****RESOLUTION**

To re-elect Mr Xabier Sagredo Ormaza as a director, upon a proposal of the Appointments Committee, for the by-law mandated four-year term and with the classification of independent director.

ITEM 20 ON THE AGENDA**Re-election of Mr José Ignacio Sánchez Galán as an executive director****RESOLUTION**

To re-elect Mr José Ignacio Sánchez Galán as a director, after a report from the Appointments Committee, for the by-law mandated four-year term and with the classification of executive director.

ITEM 21 ON THE AGENDA**Setting of the number of members of the Board of Directors at fourteen****RESOLUTION**

To set the number of members of the Board of Directors at fourteen.



ITEM 22 ON THE AGENDA

Delegation of powers to formalise and to convert the resolutions adopted into a public instrument

RESOLUTION

Without prejudice to the powers delegated in the preceding resolutions, to authorise the Board of Directors, the Executive Committee, the executive chairman, the chief executive officer, the general secretary and secretary of the Board of Directors and the deputy secretary of the Board of Directors of “Iberdrola, S.A.” (the “**Company**”) such that any of them, acting severally, may:

- (a) Formalise and convert into public instruments the resolutions adopted by the shareholders at this General Shareholders' Meeting, further developing, clarifying, specifying, interpreting, completing and correcting them, carrying out such acts or legal transactions as may be necessary or appropriate for the implementation thereof, execute such public or private documents as they deem necessary or appropriate for the full effectiveness thereof, and correct all omissions, defects or errors, whether substantive or otherwise, that might prevent the recording thereof with the Commercial Registry.
- (b) Approve or vote in favour of the approval of the annual financial information for the financial year ended 31 December 2022 of the country subholding companies and the other subsidiaries of the Company, which form part of the scope of consolidation of its annual financial statements.
- (c) Deposit with the Commercial Registry the separate annual financial statements of the Company and the annual financial statements thereof consolidated with those of its subsidiaries, as well as the corresponding directors' and audit reports.
- (d) Deposit the *Statement of Non-Financial Information. Sustainability Report* for the financial year ended 31 December 2022 with the Commercial Registry as well as with the bodies it deems appropriate.
- (e) Prepare the restated text of the By-Laws, including the amendments approved at this General Shareholders' Meeting, as well as any textual adjustments required to align the content thereof.
- (f) In the exercise of the powers vested therein by the Governance and Sustainability System, approve the appropriate changes in the other internal rules and policies of the Company to conform the text thereof to the changes made to the *By-Laws*.
- (g) Manage the payment of the engagement dividend referred to in item 8 on the agenda.
- (h) Implement the resolutions regarding shareholder remuneration referred to in items 9, 10 and 11 on the agenda, in accordance with the provisions of the *Shareholder Remuneration Policy*.
- (i) Implement the resolution regarding the reduction in capital referred to in item 12 on the agenda, in accordance with the provisions of the *Shareholder Remuneration Policy*.
- (j) Register with the Commercial Registry the resolutions regarding the composition of the Board of Directors referred to in items 15 to 21 on the agenda.
- (k) In compliance with the provisions of Article 16 of the *Regulations for the General Shareholders' Meeting*, donate to a non-profit organisation or allocate to any other social objective deemed



appropriate any remaining promotional materials or gifts of symbolic value delivered to encourage shareholder participation in the General Meeting.

- (l) In accordance with the provisions of the Company's *Sustainable Management Policy*, obtain and become aware of the opinions and expectations of its shareholders and its other Stakeholders affected by the General Shareholders' Meeting regarding the organisation of the event and, if applicable, identify opportunities for improvement for the holding of subsequent meetings.
- (m) Determine all other circumstances that may be required, adopt and implement the necessary resolutions, publish the notices and provide the guarantees that may be appropriate for the purposes established by law, as well as formalise the required documents, carry out all necessary proceedings and comply with all requirements under the law for the full effectiveness of the resolutions adopted by the shareholders at this General Shareholders' Meeting.
- (n) Delegate all or any of the powers enumerated in this resolution and those expressly granted thereto by the shareholders at this General Shareholders' Meeting in the resolutions adopted under the foregoing items on the agenda, to the extent allowed by law, to the persons they deem appropriate.

In Bilbao, on 14 March 2023.



GENERAL SHAREHOLDERS' MEETING

28 April 2023

**SUSTAINABLE
EVENT**



Report of the Board of Directors
Proposed amendments of the *By-Laws*



REPORT PREPARED BY THE BOARD OF DIRECTORS OF “IBERDROLA, S.A.” REGARDING THE PROPOSED AMENDMENTS OF THE *BY-LAWS* INCLUDED IN ITEMS 5, 6 AND 7 ON THE AGENDA FOR THE GENERAL SHAREHOLDERS' MEETING

1. Object of the report

This report has been prepared by the Board of Directors of “Iberdrola, S.A.” (the “**Company**”) in order to provide a rationale for the proposed amendments of the *By-Laws* included in items 5, 6 and 7 on the agenda.

Pursuant to the provisions of Section 286 of the Companies Act (*Ley de Sociedades de Capital*), the Board of Directors has prepared this report setting out the purpose of and rationale for each of the aforementioned proposed amendments of the *By-Laws*, on the one hand, and including the text that said body proposes to the shareholders at the General Shareholders' Meeting, on the other.

In addition, to help the shareholders compare the new text of the articles of the *By-Laws* proposed to be amended and the text currently in effect, attached to this report as an annex is a verbatim transcription of both texts organised in a two-column table, for information purposes. The text contained in the right-hand column shows the changes proposed to be made to the text in force, which is contained in the left-hand column.

2. Purpose of and rationale for the proposals

The amendment of the *By-Laws* being submitted for the approval of the shareholders at the General Shareholders' Meeting under items 5, 6 and 7 of the agenda has the following main purposes:

- a) to conform the content of the Preamble and the heading of the Preliminary Title to the current business and the governance and compliance context and to make adjustments of a formal nature.
- b) to accommodate the functions of different corporate levels within the structure of the Iberdrola group, for which purpose it is proposed to amend Articles 4 and 32; and
- c) to update the references in Article 8 to internal regulations and to the Compliance System.

A detailed description of the rationale for the amendments affecting each of the articles or group of articles of the aforementioned *By-Laws* is set forth in the sections below.

2.1 Amendment of the Preamble to and of the heading of the Preliminary Title of the *By-Laws* in order to conform the text thereof to the current business and the governance and compliance context and to make adjustments of a formal nature

The Company is an independent, listed holding company of an international industrial group (the “**Group**”), which is aware of its visibility as an enterprise and an institutional reality, and which plays a role in the economic and social environment in which it does business, showing its strong commitment to contributing to the achievement of the Sustainable Development Goals (SDGs) approved by the United Nations (UN) and the most demanding environmental, social commitment and corporate governance (ESG) requirements.



This role has led the Company on the one hand to geographically diversify its businesses in order to efficiently manage risks, based on a corporate and governance structure that favours, through different corporate levels, an agile and rapid decision-making process for day-to-day administration and effective management while achieving appropriate coordination of activities at the Group level, and on the other hand to form and implement a strong and robust Compliance System, which ensures conduct in accordance with generally accepted ethical and social responsibility principles and applicable law and prevents improper conduct or acts contrary to the law or the Governance and Sustainability System that might be committed by its professionals within the organisation, as well as by other persons who have dealings with the Company.

This Compliance System, provided for in Article 8 of the *By-Laws*, keeps the Company at the forefront in this field, as a result of its firm commitment to ethical principles and a process of continuous review incorporate the most advanced international practices and trends as well as regulatory requirements. It is also evidence of a strong and comprehensive compliance culture that meets domestic and international standards commonly recognised as markers of excellence in this area.

Within this context, the Board of Directors proposes to the shareholders at the General Shareholders' Meeting that the content of the Preamble to the *By-Laws* be updated in order to: (i) reflect that the Company and the other companies of the Group are organised at different corporate levels and that their businesses are highly diversified geographically as a fundamental lever for risk management; (ii) state that the *Purpose and Values of the Iberdrola Group* meet the most demanding standards in the area of regulatory compliance, in addition to environmental protection and climate action, social commitment and good governance; and (iii) emphasise the recognition in the *By-Laws* of the Company's well-developed Compliance System, which is integrated within the Governance and Sustainability System and is aimed at preventing and managing the risk of violating legal provisions, ethical standards and the Governance and Sustainability System itself.

The amendment also provides for modifying the Preamble to make adjustments of a formal nature and to contextualise the scope of references to the Group, as a group of companies comprising the Company and the companies in which it has an interest, which operate autonomously through their own governance bodies.

Finally, in line with the above, it is proposed to change the name of the heading of the Preliminary Title of the *By-Laws* to *PRELIMINARY TITLE. "IBERDROLA, S.A." AND THE IBERDROLA GROUP*.

2.2 Amendment of Articles 4 and 32 of the *By-Laws* to accommodate the functions of different corporate levels within the structure of the Group

"Iberdrola, S.A." is the controlling entity of the Group, which is made up of country subholding companies and head of business companies, as well as the subsidiaries thereof and of the Company itself.

The Group's corporate structure comprises "Iberdrola, S.A.", which is configured as a listed holding entity, the main function of which is to act as the owner of the equity interests of the



country subholding companies, which in turn group together the equity stakes in the head of business companies.

Based on the corporate structure described above, the Group's governance structure is governed by principles that differentiate the duties of strategic definition and supervision, on the one hand, from those of day-to-day management and effective administration, on the other.

Within the framework of this governance structure of the Group as described in the *Policy for the Definition and Coordination of the Iberdrola Group and Foundations of Corporate Organisation*, which was approved by the Company's Board of Directors and included in its Governance and Sustainability System, it is proposed to make technical improvements to Articles 4 and 32 of the *By-Laws* in order to adjust the functions generally attributed to the three levels of the Group's corporate organisation.

In the amendment of Article 4, it is proposed to conform the duties assigned to the Company to those that it currently effectively performs, i.e. the establishment and the supervision, without reference to the implementation, of the policies and of the strategies covering the Group. As regards the duties of the country subholding companies, there is included a mention of supervision, together with those of organisation and coordination, expressly stating that all of them are of a strategic nature and that they are carried out in relation to the territories, countries or businesses decided by the Board of Directors. Finally, there is a simplification of the text regarding the duties of the head of business companies. All of the foregoing is in line with the provisions of the *Policy for the Definition and Coordination of the Iberdrola Group and Foundations of Corporate Organisation*.

In this regard, the proposed amendment of Article 32, in addition to formal adjustments, includes a reference to the strategic nature of the duty assigned to the Board of Directors regarding the determination of general guidelines to be followed at the Group level. It is also noted that the Board of Directors (through the country subholding companies and in relation to their respective territories, countries or businesses), oversees the overall development of policies, strategies and guidelines covering the Group by the country subholding companies.

Finally, the Board of Directors also proposes to contextualise the scope of the references to the Group in these Articles 4 and 32 upon the terms set forth in Section 2.1 above.

2.3 Amendment of Article 8 of the *By-Laws* to update references to internal regulations and to the Compliance System

The Company's Governance and Sustainability System constitutes its internal organisation, which is formally organised into five books: (i) book one, which contains the *By-Laws*; (ii) book two, regarding its purpose, which includes the *Purpose and Values of the Iberdrola Group*, the *Code of Ethics*, the *General Sustainable Development Policy*, and the *Stakeholder Engagement Policy*; (iii) book three, on the environment and climate action, which groups together the environmental policies; (iv) book four, on social commitment, which includes social policies; and (v) book five, on corporate governance, which includes corporate governance and regulatory compliance policies, risk policies, governance rules of the corporate decision-making bodies and of other internal functions and committees, and market abuse prevention rules.



These internal rules go beyond the Company and cover the other companies of the Group, to the extent that the country subholding companies and head of business companies formally adopt the Company's policies applicable thereto as their own (or approve their corresponding policies with content that is consistent with the Company's policies), and which then become part of their respective Governance and Sustainability Systems. This ensures the consistency of the internal rules and regulations of the group of companies making up the Group, while respecting the autonomy of the management bodies, and particularly the special framework of enhanced autonomy of the listed country subholding companies.

In line with the foregoing, it is proposed to include in section 2 of Article 8 of the *By-Laws*, together with the recognition of the Company's internal rules and regulations, that the country subholding companies and the head of business companies, within the framework of the performance of their duties and the exercise of their powers, have approved their own Governance and Sustainability System, which constitutes their internal rules and regulations and is consistent with those of the Company.

In addition, based on this structuring of the Company's Governance and Sustainability System, the amendment provides for an update of the *By-Laws* in section 3 of Article 8 (which provides that the Governance and Sustainability System is made up of the *By-Laws*, the *Purpose and Values of the Iberdrola Group*, the *Code of Ethics*, corporate policies and governance and compliance rules) to make express mention of the market abuse prevention rules and to make adjustments to the text in this section and in section 4.

Furthermore, in connection with the aforementioned corporate structure of the Group and the proposed amendment of the Preamble described in section 2.1, in order to establish the Compliance System within the *By-Laws*, it is proposed that section 8 of Article 8 of the *By-Laws*, which defines the aforementioned Compliance System of the Company, include that the country subholding companies and the head of business companies have their own compliance function, which has full responsibility for managing their respective Compliance Systems.

Finally, in section 9 of the aforementioned article, in line with the provisions of the *Regulations of the Compliance Unit*, the amendment will emphasise the independence and transparency of the Compliance Unit, which is the body responsible for proactively endeavouring to ensure the effective application of the Compliance System and which is linked to the Sustainable Development Committee of the Board of Directors.

3. Proposed Resolutions Submitted to the Shareholders at the General Shareholders' Meeting

The proposed resolutions submitted to the shareholders for approval at the General Shareholders' Meeting read as follows:



“ITEM 5 ON THE AGENDA

Amendment of the Preamble to and of the heading of the Preliminary Title of the By-Laws in order to conform the text thereof to the current business and the governance and compliance context and to make adjustments of a formal nature

RESOLUTION

To amend the Preamble to and the heading of the Preliminary Title of the By-Laws in order to conform the text thereof to the current business and the governance and compliance context and to make adjustments of a formal nature. Said Preamble and heading of the Preliminary Title shall hereafter read as follows:

“PREAMBLE

Pursuant to the corporate autonomy recognised by law, these By-Laws govern the corporate contract by which all shareholders of IBERDROLA, S.A. (the “Company”) are bound upon acquiring such status.

Having been approved in accordance with applicable law by the shareholders acting at a General Shareholders' Meeting, which is the highest governing body through which shareholders express their contractual will, they go far beyond the minimum requirements established by law and even the typical text of the by-laws of listed companies.

Along these lines, the Preliminary Title hereof first defines the fundamental pillars of the Company as an independent and publicly listed entity, the holding company of an international industrial group, with broad geographic diversification of its businesses as a fundamental lever of risk management, and which, based on its multi-level corporate structure, combines a decentralised decision-making system, inspired by the principle of subsidiarity, with robust coordination mechanisms ensuring the global integration of all of the businesses of the companies within the Iberdrola group, all on the basis of an effective system of checks and balances that prevents the centralisation of management power within a single governance body or a single person.

The provisions of the By-Laws regarding the corporate object, the purpose and values, and the corporate interest and social dividend, beyond the corporate aspects highlighted above, give shape to a company focused on a clear “purpose” and certain clear “values” that make up its corporate philosophy and the ideological and axiological bases on which its corporate enterprise is based.

In accordance therewith, the Company is defined by its By-Laws as an all-encompassing company, which transcends its nature as purely and merely a mercantile company, which opens to and engages all of its Stakeholders and is fully committed to contributing to the achievement of the Sustainable Development Goals (SDGs) approved by the United Nations (UN) and the most demanding environmental, social commitment and corporate governance (ESG) requirements, and in essence affirms itself to be a company and institutional reality, a player in the economic and social environment in which it does business.

*The By-Laws also constitute the foundation on which the Company's Governance and Sustainability System is built and based, that is, its own set of internal regulations, developed under the aforementioned corporate autonomy, to ensure by these rules its *raison d'être* and way of being, the*



construction of its identity, the achievement and implementation of the Purpose and Values of the Iberdrola Group, the creation of sustainable value that satisfies the corporate interest, and makes feasible and real the social dividend that it shares with all of its Stakeholders.

In turn, the Purpose and Values of the Iberdrola Group meet the most demanding standards in the areas of environmental protection and climate action, social commitment, corporate governance and regulatory compliance, within the general framework of respect for and protection of human rights, the social market economy, sustainability and the ethical principles generally accepted in its sphere of activity.

Similarly, the By-Laws establish a well-developed Compliance System, which, integrated within the overall governance and sustainability system, is intended to prevent and manage the risk of regulatory or ethical violations or violations of the Governance and Sustainability System.

The by-law rules that arise from and are based on the internal sovereignty of the shareholders acting at a General Shareholders' Meeting also recognise the essential function performed by the Board of Directors as a governing body or structure that guides the realisation of the Purpose and Values of the Iberdrola Group, ensures the assembly and coordination of all its Stakeholders within a company made up of them, and directs and supports the driving action of the Company as an enterprise and institutional reality in the communities of which it is a part and in today's globalised society as a whole.

To the extent applicable thereto, the By-Laws of the Company and the other provisions of the Company's Governance and Sustainability System bind its shareholders, the members of its Board of Directors and of senior management, as well as the other professionals of the Company and of the other companies of the Iberdrola group, and generally any persons validly connected thereto. All have the duty to comply with them, as well as the right to demand compliance therewith."

"PRELIMINARY TITLE. "IBERDROLA, S.A." AND THE IBERDROLA GROUP"

ITEM 6 ON THE AGENDA

Amendment of Articles 4 and 32 of the By-Laws to accommodate the functions of different corporate levels within the structure of the Iberdrola group

RESOLUTION

To amend Articles 4 and 32 of the By-Laws to accommodate the functions of different corporate levels within the structure of the Iberdrola group. Said Articles 4 and 32 shall hereafter read as follows:

"Article 4. The Iberdrola group

1. *The corporate and governance structure of the Iberdrola group is defined based on the following:*
 - a) *The Company, which is a listed holding company, is the controlling entity of a multinational group of companies (the "Group"), and has duties relating to the establishment and supervision of the policies and strategies covering the Group, the basic guidelines for the management thereof, and decisions on matters of strategic importance at the Group level, as well as the design of its Governance and Sustainability System.*



- b) *Country subholding companies group together the equity stakes in the Group's head of business companies and strengthen the function of strategic supervision, organisation and coordination and further develop them in relation to such countries or businesses as are decided by the Company's Board of Directors, disseminating, implementing and ensuring compliance with policies, strategies and general guidelines at the Group level based on the characteristics and unique aspects of their respective territories, countries and businesses.*

The listed country subholding companies of the Group enjoy a special framework of strengthened autonomy that contemplates the measures that are appropriate to safeguard the interests of the minority shareholders of said companies.

- c) *Finally, the head of business companies of the Group are in charge of the day-to-day administration and effective management of the businesses, and of the day-to-day control thereof, without prejudice to observing the corporate autonomy of the subsidiaries thereof in accordance with law.*

2. *All companies of the Group share a common corporate interest as well as the same purpose, corporate values and ethical principles."*

"Article 32. Powers of the Board of Directors

1. *The Board of Directors has the power to adopt resolutions regarding all matters not assigned by law or the Governance and Sustainability System to the shareholders acting at a General Shareholders' Meeting.*
2. *Although the Board of Directors has the broadest powers and authority to manage and represent the Company, as a general rule of good governance, the Board of Directors shall focus its activities, pursuant to the Governance and Sustainability System, on the strategic definition and supervision of the general guidelines to be followed at the Group level, attending to the following matters, among others:*
- a) *Establish, within legal limits, the policies, strategies and guidelines covering the Group, entrusting to the decision-making bodies and the management of the head of business companies of the Group the duties of effective administration and day-to-day management of the businesses.*
- b) *Through the country subholding companies, supervise the general development of the aforementioned policies, strategies and guidelines by the head of business companies in relation to their respective territories, countries or businesses, establishing appropriate mechanisms of coordination and exchange of information in the interest of the Company and of the other companies within the Group.*
- c) *Decide on matters of strategic importance at the Group level.*
3. *The Board of Directors shall generally entrust to its chairman, to the chief executive officers and to senior management the dissemination, coordination and general implementation of management guidelines covering the Group, acting in furtherance of the interests of each and every one of the companies belonging thereto.*
4. *The Board of Directors shall design, evaluate and continuously review the Governance and Sustainability System, shall approve the Purpose and Values of the Iberdrola Group and shall pay special attention to the approval and updating of the corporate policies, which further*



develop the principles reflected in these By-Laws and in the other provisions of the Governance and Sustainability System and codify the guidelines that should govern the activities of the Company, its shareholders and the other companies of the Group.

In particular, the Board of Directors shall approve and regularly update a climate action plan to achieve neutrality in the emission of greenhouse gases by 2050. This plan shall set out the intermediate objectives, the strategy and the investment plan designed to meet these objectives and shall define the methodologies used to assess the implementation thereof.

5. *The Regulations of the Board of Directors shall specify the powers reserved to such body, which may not be entrusted to the representative decision-making bodies or to the senior management of the Company.”*

ITEM 7 ON THE AGENDA

Amendment of Article 8 of the By-Laws to update references to internal regulations and to the Compliance System

RESOLUTION

To amend Article 8 of the By-Laws to update references to internal regulations and to the Compliance System. Said Article 8 shall hereafter read as follows:

“Article 8. Applicable Legal Provisions, Governance and Sustainability System and Compliance System

1. *The Company is governed by the legal provisions relating to listed companies and other applicable laws and regulations, as well as by its Governance and Sustainability System.*
2. *The Governance and Sustainability System is the Company’s internal system of rules, which is configured in accordance with applicable law in the exercise of corporate autonomy supported thereby and applies to the entire Group. It is intended to ensure through rule-making the best implementation of the corporate contract that binds its shareholders, and especially the corporate object, the corporate interest and the social dividend, as defined in the preceding articles.*

For their part, the country subholding companies and head of business companies have their own Governance and Sustainability System, approved within the framework of the performance of their responsibilities and in the exercise of their powers. This System constitutes its internal order and is consistent with that of the Company.

3. *The aforementioned Governance and Sustainability System is made up of these By-Laws, the Purpose and Values of the Iberdrola Group, the Code of Ethics, corporate policies, and the other governance, compliance and market abuse prevention rules.*
4. *The Purpose and Values of the Iberdrola Group synthesises its raison d’être, the ideological and axiological foundation of its corporate enterprise, which, due to its size and importance, is a focal point for many Stakeholders and for the environmental, social and economic environment in which the entities of the Group do business.*



5. *The Purpose and Values of the Iberdrola Group also inspires and takes form in the policies and in the other rules of the Governance and Sustainability System, governing the day-to-day activities of all entities of the Group and guiding their strategy and all of their actions.*
6. *The shareholders acting at a General Shareholders' Meeting and the Board of Directors of the Company, within their respective purview, develop, apply and interpret the rules making up the Governance and Sustainability System in order to ensure compliance at all times with the purposes thereof and, particularly, the fulfilment of the corporate interest.*
7. *Full or summarised versions of the rules making up the Governance and Sustainability System can be viewed on the Company's corporate website.*
8. *Within the framework of the Governance and Sustainability System, the Company also has a Compliance System, consisting of a structured set of rules, procedures and activities intended to prevent and manage the risk of regulatory and ethical breaches or breaches of the Governance and Sustainability System itself, as well as to contribute to the full realisation of the Purpose and Values of the Iberdrola Group and the corporate interest.*

The country subholding companies and head of business companies also have their own compliance function, which has full responsibility for managing their respective compliance systems.

9. *The application and further development of the Company's compliance function and Compliance System is the responsibility of the Compliance Unit, an autonomous body with the highest standards of independence and transparency that is linked to the Sustainable Development Committee of the Board of Directors.”*

In Bilbao, on 14 March 2023



ANNEX

Current text of the <i>By-Laws</i>	Proposed amendments
PREAMBLE	PREAMBLE
Pursuant to the corporate autonomy recognised by law, these <i>By-Laws</i> govern the corporate contract by which all shareholders of IBERDROLA, S.A. (the " Company ") are bound upon acquiring such status.	Pursuant to the corporate autonomy recognised by law, these <i>By-Laws</i> govern the corporate contract by which all shareholders of IBERDROLA, S.A. (the " Company ") are bound upon acquiring such status.
Having been approved in accordance with applicable law by the shareholders acting at a General Shareholders' Meeting, which is the highest governing body through which shareholders express their contractual will, they go far beyond the minimum requirements established by law and even the typical text of the by-laws of listed companies.	Having been approved in accordance with applicable law by the shareholders acting at a General Shareholders' Meeting, which is the highest governing body through which shareholders express their contractual will, they go far beyond the minimum requirements established by law and even the typical text of the by-laws of listed companies.
Along these lines, the preliminary title hereof first defines the fundamental pillars of the Company as an independent entity of an open nature, the holding company of an international industrial group that combines a decentralised decision-making structure, inspired by the principle of subsidiarity, with robust coordination mechanisms ensuring the global integration of all of the businesses of the Company's group, all on the basis of an effective system of checks and balances that prevents the centralisation of management power within a single governance body or a single person.	Along these lines, the preliminary title <u>Preliminary Title</u> hereof first defines the fundamental pillars of the Company as an independent and publicly listed of an open nature entity, the holding company of an international industrial group, <u>with broad geographic diversification of its business as a fundamental lever of risk management, that and which, based on its multi-level corporate structure</u> , combines a decentralised decision-making structure <u>system</u> , inspired by the principle of subsidiarity, with robust coordination mechanisms ensuring the global integration of all of the businesses of the Company's <u>companies within the Iberdrola group</u> , all on the basis of an effective system of checks and balances that prevents the centralisation of management power within a single governance body or a single person.
The provisions of the <i>By-Laws</i> regarding the corporate object, the purpose and values, and the corporate interest and social dividend, beyond the corporate aspects highlighted above, give shape to an electric power company focused on a clear " <i>purpose</i> " and certain clear " <i>values</i> " that make up its corporate philosophy and its ideological and axiological bases on which its corporate enterprise is based; thus they portray an all-encompassing company, which transcends its nature as purely and merely a mercantile company, which opens to and engages all of its Stakeholders and is fully committed to contributing to the achievement of the Sustainable	The provisions of the <i>By-Laws</i> regarding the corporate object, the purpose and values, and the corporate interest and social dividend, beyond the corporate aspects highlighted above, give shape to an electric power a company focused on a clear " <i>purpose</i> " and certain clear " <i>values</i> " that make up its corporate philosophy and its <u>the</u> ideological and axiological bases on which its corporate enterprise is based. ; thus they portray an integral company, which transcends its nature <u>In accordance therewith, the Company is defined by its <i>By-Laws</i> as an all-encompassing company, which transcends its nature</u>



Current text of the By-Laws	Proposed amendments
<p>Development Goals (SDGs) approved by the United Nations and the most demanding environmental, social commitment and good governance (ESG) requirements, and ultimately distinguish it as a company and institutional reality, a player in the economic and social environment in which it does business.</p>	<p>as purely and merely a mercantile company, which opens to and engages all of its Stakeholders and is fully committed to contributing to the achievement of the Sustainable Development Goals (SDGs) approved by the United Nations (UN) and the most demanding environmental, social commitment and goodcorporate governance (ESG) requirements, and ultimately distinguish it asin essence affirms itself to be a company and institutional reality, a player in the economic and social environment in which it does business.</p>
<p>In the case of the Company, the <i>By-Laws</i> thereof define and ultimately constitute the foundation on which is built and based the Governance and Sustainability System, that is, its own set of internal regulations, developed under the aforementioned corporate autonomy, to ensure by these rules its <i>raison d'être</i> and <i>way of being</i>, the construction of its identity, the achievement and implementation of the <i>Purpose and Values of the Iberdrola group</i>, the creation of sustainable value that satisfies the corporate interest, and makes feasible and real the <i>social dividend</i> that it shares with all of its Stakeholders.</p>	<p>In the case of the Company, theThe <i>By-Laws</i> thereof define and ultimatelyalso constitute the foundation on which the Company's Governance and Sustainability System is built and based the Governance and Sustainability System, that is, its own set of internal regulations, developed under the aforementioned corporate autonomy, to ensure by these rules its <i>raison d'être</i> and <i>way of being</i>, the construction of its identity, the achievement and implementation of the <i>Purpose and Values of the Iberdrola group</i>Group, the creation of sustainable value that satisfies the corporate interest, and makes feasible and real the <i>social dividend</i> that it shares with all of its Stakeholders.</p>
<p>In turn, the <i>Purpose and Values of the Iberdrola group</i> meet the most demanding standards in the areas of environmental protection and climate action, social commitment, and corporate governance, within the general framework of respect for and protection of human rights, the social market economy, and the ethical principles generally accepted in its sphere of activity.</p>	<p>In turn, the <i>Purpose and Values of the Iberdrola group</i>Group meet the most demanding standards in the areas of environmental protection and climate action, social commitment, andcorporate governance and regulatory compliance, within the general framework of respect for and protection of human rights, the social market economy, and the ethical principles generally accepted in its sphere of activity.</p>
	<p>Similarly, the By-Laws establish a well-developed Compliance System, which, integrated within the overall governance and sustainability system, is intended to prevent and manage the risk of regulatory or ethical violations or violations of the Governance and Sustainability System itself.</p>
<p>The by-law rules that arise from and are based on the internal sovereignty of the shareholders acting at a General Meeting also recognise the essential function performed by the Board of Directors as a governing body or structure that guides the realisation of the <i>Purpose and Values of the Iberdrola group</i>, ensures</p>	<p>The by-law rules that arise from and are based on the internal sovereignty of the shareholders acting at a General Shareholders' Meeting also recognise the essential function performed by the Board of Directors as a governing body or structure that guides the realisation of the <i>Purpose and Values of the Iberdrola</i></p>



Current text of the By-Laws	Proposed amendments
<p>the assembly and coordination of all its Stakeholders within a company made up of them, and ultimately directs and supports the driving action of the Company as an enterprise and institutional reality in the communities of which it is a part and in today's globalised society as a whole.</p>	<p>group <u>Group</u>, ensures the assembly and coordination of all its Stakeholders within a company made up of them, and ultimately directs and supports the driving action of the Company as an enterprise and institutional reality in the communities of which it is a part and in today's globalised society as a whole.</p>
<p>To the extent applicable thereto, the <i>By-Laws</i> and the other provisions of the Company's Governance and Sustainability System bind its shareholders, the members of the Board of Directors and of senior management, and the other professionals of the Company and its group, as well as, generally, any persons validly connected thereto. All have the duty to comply with them, as well as the right to demand compliance therewith.</p>	<p>To the extent applicable thereto, the <i>By-Laws</i> <u>of the Company</u> and the other provisions of the Company's Governance and Sustainability System bind its shareholders, the members of the Board of Directors and of senior management, <u>and as well as</u> the other professionals of the Company and its <u>of the other companies of the Iberdrola group</u>, as well as <u>and</u> generally, any persons validly connected thereto. All have the duty to comply with them, as well as the right to demand compliance therewith.</p>
<p>PRELIMINARY TITLE. IBERDROLA, S.A. AND ITS GROUP</p>	<p>PRELIMINARY TITLE. <u>"IBERDROLA, S.A."</u> AND ITS <u>THE IBERDROLA</u> GROUP</p>
<p>Article 4. The Iberdrola group</p>	<p>Article 4. The Iberdrola group</p>
<p>1. The Company is configured as a listed holding company and is the controlling entity of a multinational group of companies (the "Group").</p>	<p>1. The Company is configured as a listed holding company and is the controlling entity of a multinational group of companies (the "Group").</p>
<p>2. The corporate and governance structure of the Group is defined based on the following:</p>	<p>1. 2. The corporate and governance structure of the Group <u>of the Iberdrola Group</u> is defined based on the following:</p>
<p>a) The Company has duties relating to the establishment, supervision and implementation of the policies and strategies of the Group, of the basic guidelines for the management thereof, and of decisions on matters of strategic importance at the Group level, as well as the design of the Governance and Sustainability System.</p>	<p>a) The Company, <u>which is a listed holding company, is the controlling entity of a multinational group of companies (the "Group")</u> <u>and</u> has duties relating to the establishment, <u>and</u> supervision and implementation of the policies and strategies of covering the Group, of the basic guidelines for the management thereof, and of decisions on matters of strategic importance at the Group level, as well as the design of the <u>its</u> Governance and Sustainability System.</p>
<p>b) Country subholding companies group together the equity stakes in the Group's head of business companies and carry out the function of organisation and coordination in relation to such countries and/or businesses as are decided by the Company's Board of Directors, disseminating, implementing and ensuring compliance with the policies, strategies and</p>	<p>b) Country subholding companies group together the equity stakes in the Group's head of business companies and carry out <u>strengthen</u> the function of <u>strategic supervision,</u> organisation and coordination in relation to such countries and/or businesses as are decided by the Company's Board of Directors, disseminating, implementing and ensuring compliance with the policies,</p>



Current text of the By-Laws	Proposed amendments
<p>general guidelines of the Group based on the characteristics and unique aspects of their respective countries and/or businesses.</p> <p>The listed country subholding companies of the Group enjoy a special framework of strengthened autonomy that contemplates the measures that are appropriate to safeguard the interests of the minority shareholders of said companies.</p>	<p>strategies and general guidelines of<u>at</u> the Group <u>level</u> based on the characteristics and unique aspects of their respective <u>territories</u>, countries and/or businesses.</p> <p>The listed country subholding companies of the Group enjoy a special framework of strengthened autonomy that contemplates the measures that are appropriate to safeguard the interests of the minority shareholders of said companies.</p>
<p>c) Finally, the head of business companies of the Group are in charge of the day-to-day administration and effective management of each of the Group's businesses within one or more countries, and of the day-to-day control thereof, without prejudice to observing the corporate autonomy of the subsidiaries of the head of business companies in accordance with law.</p>	<p>c) Finally, the head of business companies of the Group are in charge of the day-to-day administration and effective management of each of the Group's businesses within one or more countries, and of the day-to-day control thereof, without prejudice to observing the corporate autonomy of the subsidiaries of the head of business companies thereof <u>thereof</u> in accordance with law.</p>
<p>3. All companies of the Group share the same corporate interest as well as the same purpose, corporate values and ethical principles.</p>	<p>2. 3.All companies of the Group share the same<u>a</u> <u>common</u> corporate interest as well as the same purpose, corporate values and ethical principles.</p>
<p>Article 8. Applicable Legal Provisions, Governance and Sustainability System and Compliance System</p>	<p>Article 8. Applicable Legal Provisions, Governance and Sustainability System and Compliance System</p>
<p>1. The Company is governed by the legal provisions relating to listed companies and other applicable laws and regulations, as well as by its Governance and Sustainability System.</p>	<p>1. The Company is governed by the legal provisions relating to listed companies and other applicable laws and regulations, as well as by its Governance and Sustainability System.</p>
<p>2. The Governance and Sustainability System is the Company's internal system of rules, which is configured in accordance with applicable law in the exercise of corporate autonomy supported thereby and applies to the entire Group. It is intended to ensure through rule-making the best implementation of the corporate contract that binds its shareholders, and especially the corporate object, the corporate interest and the social dividend, as defined in the preceding articles.</p>	<p>2. The Governance and Sustainability System is the Company's internal system of rules, which is configured in accordance with applicable law in the exercise of corporate autonomy supported thereby and applies to the entire Group. It is intended to ensure through rule-making the best implementation of the corporate contract that binds its shareholders, and especially the corporate object, the corporate interest and the social dividend, as defined in the preceding articles.</p> <p><u>For their part, the country subholding and head of business companies have their own Governance and Sustainability System, approved within the framework of the performance of their</u></p>



Current text of the <i>By-Laws</i>	Proposed amendments
	<u>responsibilities and in the exercise of their powers. This System constitutes its internal order and is consistent with that of the Company.</u>
3. The Company's Governance and Sustainability System is made up of these <i>By-Laws</i> , the <i>Purpose and Values of the Iberdrola group</i> , the <i>Code of Ethics</i> , the corporate policies and other governance and compliance rules.	3. The <u>forementioned</u> Company's Governance and Sustainability System is made up of these <i>By-Laws</i> , the <i>Purpose and Values of the Iberdrola group</i> Group , the <i>Code of Ethics</i> , the corporate policies, and <u>the</u> other governance, and compliance <u>and market abuse prevention</u> rules.
4. The <i>Purpose and Values of the Iberdrola group</i> sets out its raison d'être, the ideological and axiological foundation of its corporate enterprise, which, due to its size and importance, is a focal point for many Stakeholders and for the economic and social environment in which its component entities do business.	4. The <i>Purpose and Values of the Iberdrola group</i> Group <u>synthesises</u> sets out its raison d'être, the ideological and axiological foundation of its corporate enterprise, which, due to its size and importance, is a focal point for many Stakeholders and for the <u>environmental, social and</u> economic and social environment in which its component <u>the</u> entities <u>of the Group</u> do business.
5. The <i>Purpose and Values of the Iberdrola group</i> also inspires and takes form in the corporate policies and in the other rules of the Governance and Sustainability System, governing the day-to-day activities of all entities of the Group and guiding their strategy and all of their actions.	5. The <i>Purpose and Values of the Iberdrola group</i> Group <u>Group</u> also inspires and takes form in the corporate policies and in the other rules of the Governance and Sustainability System, governing the day-to-day activities of all entities of the Group and guiding their strategy and all of their actions.
6. The shareholders acting at a General Shareholders' Meeting and the Board of Directors of the Company, within their respective purview, develop, apply and interpret the rules making up the Governance and Sustainability System in order to ensure compliance at all times with the purposes thereof and, particularly, the fulfilment of the corporate interest.	6. The shareholders acting at a General Shareholders' Meeting and the Board of Directors of the Company, within their respective purview, develop, apply and interpret the rules making up the Governance and Sustainability System in order to ensure compliance at all times with the purposes thereof and, particularly, the fulfilment of the corporate interest.
7. Full or summarised versions of the rules making up the Governance and Sustainability System can be viewed on the Company's corporate website.	7. Full or summarised versions of the rules making up the Governance and Sustainability System can be viewed on the Company's corporate website.
8. The Company also has a Compliance System, consisting of a structured set of rules, procedures and activities intended to prevent and manage the risk of regulatory and ethical breaches or breaches of the Governance and Sustainability System itself, as well as to contribute to the full realisation of the <i>Purpose and Values of the Iberdrola group</i> and the corporate interest.	8. The <u>Within the framework of the Governance and Compliance System, the</u> Company also has a Compliance System, consisting of a structured set of rules, procedures and activities intended to prevent and manage the risk of regulatory and ethical breaches or breaches of the Governance and Sustainability System itself, as well as to contribute to the full realisation of the <i>Purpose and</i>



Current text of the By-Laws	Proposed amendments
	<p>Values of the Iberdrola group<u>Group</u> and the corporate interest.</p> <p><u>The country subholding and head of business companies also have their own compliance function, which has full responsibility for managing their respective compliance systems.</u></p>
<p>9. The application and further development of the Company's compliance function and Compliance System is the responsibility of the Compliance Unit, an autonomous body linked to the Sustainable Development Committee of the Board of Directors.</p>	<p>9. The application and further development of the Company's compliance function and Compliance System is the responsibility of the Compliance Unit, an autonomous body <u>with the highest standards of independence and transparency that is</u> linked to the Sustainable Development Committee of the Board of Directors.</p>
<p>TITLE III. MANAGEMENT OF THE COMPANY</p>	<p>TITLE III. MANAGEMENT OF THE COMPANY</p>
<p>Chapter II. Board of Directors</p>	<p>Chapter II. Board of Directors</p>
<p>Article 32. Powers of the Board of Directors</p>	<p>Article 32. Powers of the Board of Directors</p>
<p>1. The Board of Directors has the power to adopt resolutions regarding all matters not assigned by law or the Governance and Sustainability System to the shareholders acting at a General Shareholders' Meeting.</p>	<p>1. The Board of Directors has the power to adopt resolutions regarding all matters not assigned by law or the Governance and Sustainability System to the shareholders acting at a General Shareholders' Meeting.</p>
<p>2. Although the Board of Directors has the broadest powers and authority to manage and represent the Company, as a general rule of good governance, the Board of Directors shall focus its activities, pursuant to the Governance and Sustainability System, on the definition and supervision of the general guidelines to be followed by the Company and the Group, attending to the following matters, among others:</p>	<p>2. Although the Board of Directors has the broadest powers and authority to manage and represent the Company, as a general rule of good governance, the Board of Directors shall focus its activities, pursuant to the Governance and Sustainability System, on the <u>strategic</u> definition and supervision of the general guidelines to be followed by the Company and<u>at</u> the Group <u>level</u>, attending to the following matters, among others:</p>
<p>a) Establish, within legal limits, the policies, strategies and guidelines of the Group, entrusting to the decision-making bodies and the management of the head of business companies of the Group the duties of day-to-day administration and effective management of each of the businesses.</p>	<p>a) Establish, within legal limits, the policies, strategies and guidelines of covering <u>the</u> Group, entrusting to the decision-making bodies and the management of the head of business companies of the Group the duties of day-to-day<u>effective</u> administration and effective<u>day-to-day</u> management of each of the businesses..</p>
<p>b) Supervise the general development of the aforementioned policies, strategies and</p>	<p>b) <u>Through the country subholding companies, supervise</u>Supervise the general development</p>



Current text of the <i>By-Laws</i>	Proposed amendments
<p>guidelines by the country subholding companies and by the head of business companies of the Group, establishing appropriate mechanisms of coordination and exchange of information in the interest of the Company and of the companies belonging to the Group.</p>	<p>of the aforementioned policies, strategies and guidelines by the country subholding companies and by the head of business companies of the Group <u>in relation to their respective territories, countries or businesses</u>, establishing appropriate mechanisms of coordination and exchange of information in the interest of the Company and of the <u>other</u> companies belonging to<u>within</u> the Group.</p>
<p>c) Decide on matters of strategic importance at the Group level.</p>	<p>c) Decide on matters of strategic importance at the Group level.</p>
<p>3. The Board of Directors shall generally entrust to its chairman, to the chief executive officers and to senior management the dissemination, coordination and general implementation of the Group's management guidelines, acting in furtherance of the interests of each and every one of the companies belonging thereto.</p>	<p>3. The Board of Directors shall generally entrust to its chairman, to the chief executive officers and to senior management the dissemination, coordination and general implementation of the Group's management guidelines <u>covering the Group</u>, acting in furtherance of the interests of each and every one of the companies belonging thereto.</p>
<p>4. The Board of Directors shall design, evaluate and continuously review the Governance and Sustainability System, shall approve the <i>Purpose and Values of the Iberdrola group</i> and shall pay special attention to the approval and updating of the corporate policies, which further develop the principles reflected in these <i>By-Laws</i> and in the other provisions of the Governance and Sustainability System and codify the guidelines that should govern the activities of the Company, its shareholders and the Group.</p> <p>In particular, the Board of Directors shall approve and regularly update a climate action plan to achieve neutrality in the emission of greenhouse gases by 2050. This plan shall set out the intermediate objectives, the strategy and the investment plan designed to meet these objectives and shall define the methodologies used to assess the implementation thereof.</p>	<p>4. The Board of Directors shall design, evaluate and continuously review the Governance and Sustainability System, shall approve the <i>Purpose and Values of the Iberdrola</i> group<u>Group</u> and shall pay special attention to the approval and updating of the corporate policies, which further develop the principles reflected in these <i>By-Laws</i> and in the other provisions of the Governance and Sustainability System and codify the guidelines that should govern the activities of the Company, its shareholders and the <u>other companies of the</u> Group</p> <p>In particular, the Board of Directors shall approve and regularly update a climate action plan to achieve neutrality in the emission of greenhouse gases by 2050. This plan shall set out the intermediate objectives, the strategy and the investment plan designed to meet these objectives and shall define the methodologies used to assess the implementation thereof.</p>
<p>5. The <i>Regulations of the Board of Directors</i> shall specify the powers reserved to such body, which may not be entrusted to the representative decision-making bodies or to the senior management of the Company.</p>	<p>5. The <i>Regulations of the Board of Directors</i> shall specify the powers reserved to such body, which may not be entrusted to the representative decision-making bodies or to the senior management of the Company.</p>



GENERAL SHAREHOLDERS' MEETING

28 April 2023

**SUSTAINABLE
EVENT**



Report of the Board of Directors
Proposed increases in capital by
means of scrip issues of the “Iberdrola
Retribución Flexible” optional dividend
system



REPORT SUBMITTED BY THE BOARD OF DIRECTORS OF "IBERDROLA, S.A." REGARDING THE PROPOSED IMPLEMENTATION OF TWO INCREASES IN CAPITAL BY MEANS OF SCRIP ISSUES IN ORDER TO IMPLEMENT THE "IBERDROLA RETRIBUCIÓN FLEXIBLE" OPTIONAL DIVIDEND SYSTEM INCLUDED IN ITEMS 10 AND 11 ON THE AGENDA FOR THE GENERAL SHAREHOLDERS' MEETING

1. Object of the report

This report has been prepared by the Board of Directors of "Iberdrola, S.A." (the "**Company**") pursuant to the provisions of Sections 286 and 296 of the *Companies Act (Ley de Sociedades de Capital)*, in order to provide a rationale for the two proposed increases in share capital by means of scrip issues through the issuance of new shares with a charge to reserves, which are submitted to the shareholders for approval at the General Shareholders' Meeting under items 10 and 11 on the agenda and under the section "Common terms and conditions of the dividend payment and increase in share capital resolutions proposed under items number 9, 10 and 11 on the agenda, pursuant to which the "Iberdrola Retribución Flexible" optional dividend system is implemented" (the "**Common Terms**").

Pursuant to such sections of the *Companies Act*, to the extent that the approval of each of the increases in share capital and the implementation thereof entails the amendment of the article of the *By-Laws* setting the share capital, the Board of Directors has prepared this report setting forth the purpose of and rationale for the proposals being submitted to the shareholders at the General Shareholders' Meeting.

Given that the two increases in share capital by means of scrip issues have the same purpose and are implemented in a similar manner, this report provides the rationale for both proposals. For purposes of easier understanding by the shareholders of the transaction that gives rise to the aforementioned proposals, a description of the purpose of, rationale for and structure of the proposals is first provided. Set forth below are the main terms and conditions of the increases in capital by means of scrip issues. Finally, the proposed resolutions submitted to the shareholders for approval at the General Shareholders' Meeting are included.

2. Purpose of, rationale for and structure of the proposals

2.1 Purpose of and rationale for the proposals

The "Iberdrola Retribución Flexible" optional dividend system reflects the Company's desire to continuously apply the best corporate governance practices, especially in the area of its shareholder remuneration policy.

This system, the approval of which is again submitted to the shareholders at the General Shareholders' Meeting, offers shareholders the ability to receive their remuneration in new bonus shares or to monetise the amount of their remuneration.

Thus, shareholders who prefer to receive their remuneration in cash may do so through a supplementary dividend approved by the General Shareholders' Meeting or through payment of the interim dividend for financial year 2023 approved by the Board of Directors. These shareholders will also have the option to sell their free-of-charge allocation rights on the market,



although in this case the amount of the remuneration they receive will depend on market conditions in general and the listing price of the free-of-charge allocation rights in particular.

For this reason, in addition to the dividend contemplated in the proposed resolution corresponding to item 9 on the agenda for the General Shareholders’ Meeting (the “**Supplementary Dividend**”), it is expected that, prior to 31 December 2023, the Board of Directors will approve the payment of an amount on account of the dividend for financial year 2023 (the “**Interim Dividend**”), which will in any case be subject to compliance with the requirements established in Section 277 of the *Companies Act* (the “**Requirements**”).

Notwithstanding the foregoing, if the Requirements to pay the Interim Dividend are not met in the Second Implementation (as such term is defined below), the Company will make an irrevocable commitment to acquire the free-of-charge allocation rights arising from the second Increase in Capital (as such term is defined below) at a guaranteed fixed price upon the terms and conditions described below (the “**Purchase Commitment**” and the “**Fixed Purchase Price**”, respectively).

2.2 Structure of the proposals

The proposals submitted to the shareholders for approval at the General Shareholders’ Meeting under items 10 and 11 on the agenda and under the Common Terms have been structured in the form of two increases in share capital with a charge to the reserves contemplated in Section 303.1 of the *Companies Act* (each such increase in capital shall be referred to as an “**Increase in Capital**” and both of them collectively as the “**Increases in Capital**”), which shall be implemented together with the payment of the Supplementary Dividend and the Interim Dividend, respectively (each a “**Dividend**” and collectively the “**Dividends**”). In particular:

- (i) The first implementation of the “Iberdrola Retribución Flexible” optional dividend system for financial year 2023 (the “**First Implementation**”) shall be carried out through the implementation of the Increase in Capital submitted for approval of the shareholders at the General Shareholders’ Meeting under item 10 on the agenda, together with the payment of the Supplementary Dividend.
- (ii) The second implementation of the “Iberdrola Retribución Flexible” optional dividend system for financial year 2023 (the “**Second Implementation**”, and collectively with the First Implementation, the “**Implementations**” and each of the Implementations, individually, an “**Implementation**”) shall be carried out through the implementation of the Increase in Capital submitted for approval of the shareholders at the General Shareholders’ Meeting under item 11 on the agenda together with the payment of the Interim Dividend, to the extent that the Requirements are met. The Purchase Commitment would be implemented if they are not met.

It is expected that the First Implementation will take place in the month of July 2023 and that the Second Implementation will occur in the month of January 2024.

In each of the Implementations, the shareholders may choose from among the following options for remuneration upon the terms and conditions established by the Board of Directors (with express power of substitution):



- (a) Receiving their remuneration in cash by collecting the Dividend in question (whether with respect to all of their shares or a portion thereof), for which purpose the shareholders shall be required to make an express election in this regard.
- (b) Receiving their remuneration in newly-issued bonus shares of the Company. To this end, shareholders must refrain from transferring their free-of-charge allocation rights on the market. In this case, upon completion of the trading period for the free-of-charge allocation rights and implementation of the Increase in Capital, the shareholders shall receive such number of new shares as they are proportionately entitled to receive, entirely as bonus shares.
- (c) Transferring all or part of their free-of-charge allocation rights on the market during the trading period pursuant to the provisions of Section 3.2 below. In this case, the consideration for such rights will depend on market conditions in general and on the listing price of such rights in particular.

The shareholders may only elect remuneration option (a) above (i.e. receiving the Dividend in question) during the "**Common Election Period**". The Common Election Period will begin on the same day as the trading period for the free-of-charge allocation rights, and the Board of Directors (with express power of substitution) must establish the specific term of the Common Election Period, which may in no event exceed the term of said trading period.

Based on their preferences and needs, the Company's shareholders may combine any of the alternatives mentioned in paragraphs (a) through (c) above with respect to different groups of shares that each of them own. In any event, the election of one of the remuneration options automatically excludes the ability to choose either of the other two options regarding the same shares, for which reason the aforementioned ability to combine options will only be possible with respect to different groups of shares.

Furthermore, as already mentioned, if the Requirements are not met on occasion of the Second Implementation, and therefore the Company cannot pay the Interim Dividend, the shareholders may monetise their free-of-charge allocation rights by transferring them to the Company at the Fixed Purchase Price within the framework of the Purchase Commitment and thus receive a cash amount equal to the one that the Company would have paid as Interim Dividend.

In this regard, it should be borne in mind that the tax treatment of the above alternatives may be different, as described in Section 3.7 below.

The Company assumes no liability for the choices made by the holders of the free-of-charge allocation rights (or for a failure to choose, if an express and valid communication is not received from said holders).



3. Main terms and conditions of the Increases in Capital.

Set forth below are the main terms and conditions of the Increases in Capital.

3.1 Nominal amount of the Increases in Capital, number of shares to be issued, and number of free-of-charge allocation rights required for the allocation of one new share

The amount of each of the Increases in Capital shall be the result of multiplying the nominal value of each share of the Company (seventy-five euro cents per share) by the total determinable number of new shares of the Company to be issued on the date of each of the Implementations. The Increases in Capital will thus be carried out at par (i.e. without a share premium).

In turn, the maximum number of new shares to be issued in each Increase in Capital shall be the number resulting from the application of the following formula (with the result being rounded to the next lower integer):

$$\text{NNS} = \text{TNShrs.} / \text{Num. rights}$$

where:

NNS = Maximum number of new shares to be issued;

TNShrs. = Number of shares of the Company outstanding on the date that the Board of Directors (or the body acting by delegation therefrom) resolves to implement each Increase in Capital. In this regard, those shares of the Company that have previously been retired by virtue of the implementation of the resolution approving the reduction in share capital by means of the retirement of own shares submitted to the shareholders for approval at the General Shareholders' Meeting under item 12 on the agenda, even if the corresponding public instrument formalising the implementation of the resolution approving the reduction in capital has not been executed or is pending registration with the Commercial Registry, shall not be deemed to be outstanding shares of the Company; and

Num. rights = Number of free-of-charge allocation rights required for the allocation of one new share in the Increase in Capital in question, which number will result from the application of the following formula, with the result being rounded to the next higher integer:

$$\text{Num. rights} = \text{TNShrs.} / \text{Provisional number of shares}$$

where:



$$\text{Provisional number of shares} = \text{Amount of the Option} / \text{ListPri}$$

For these purposes, "**Amount of the Option**" shall mean the maximum reference market value of the relevant Increase in Capital to be set by the Board of Directors (or the body acting by delegation therefrom) and which will be a maximum amount of €2,275 million in the Increase in Capital submitted for the approval of the shareholders at the General Shareholders' Meeting under item 10 on the agenda and of €1,500 million in the Increase in Capital submitted for the approval of the shareholders at the General Shareholders' Meeting under item 11 on the agenda.

"**ListPri**" shall be the arithmetic mean of the average weighted listing prices of the Company's shares on the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges through the Automated Quotation System (*Sistema de Interconexión Bursátil*) (Continuous Market) for the five trading sessions determined by the Board of Directors (or the body acting by delegation therefrom) to set the number of free-of-charge allocation rights needed for the allocation of one new share, with the result being rounded to the closest one-thousandth part of one euro.

The maximum number of new shares to be issued thus calculated shall be rounded to obtain a whole number of shares (with the result being rounded to the next lower integer) and a ratio for the conversion of rights into shares that is also an integer (with the result being rounded to the next higher integer). In addition, and for the same purposes, the Company or a company of its group that holds shares of the Company shall waive the corresponding free-of-charge allocation rights as provided in Section 3.2 below.

Furthermore, the gross amount per share of the Dividend in question, or if the Requirements to pay the Interim Dividend are not met, the gross amount of the Fixed Purchase Price per free-of-charge allocation right will be calculated as follows (with the result being rounded to the closest one-thousandth part of one euro):

$$\text{Dividend}^* = \text{ListPri} / (\text{Num. rights} + 1)$$

*Or, if applicable, Fixed Purchase Price.

Solely for purposes of facilitating an understanding of the application hereof, the Common Terms include a sample calculation of the maximum number of new shares to be issued in the Increase in Capital submitted for approval of the shareholders under item 10 on the agenda for the General Shareholders' Meeting, of the maximum nominal value of such Increase in Capital, of the number of free-of-charge allocation rights required for the allocation of one new share, and of the gross Supplementary Dividend per share.

The Amount of the Option of each Increase in Capital, together with the other items to be determined on each of the Implementations, shall be made public by means of a corresponding notice, which will be sent to the National Securities Market Commission (*Comisión Nacional del Mercado de Valores*).

3.2 Free-of-charge allocation rights

In each Increase in Capital, each outstanding share will grant its holder one free-of-charge allocation right.



It shall be deemed that those shareholders choosing to receive their remuneration in cash through the Dividend with respect to all or part of their shares expressly, automatically and irrevocably waive the free-of-charge allocation rights corresponding to said shares and the ability to transfer them on the market. To this end, the participants in “Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.” (Sociedad Unipersonal) (“IBERCLEAR”) will block said free-of-charge allocation rights, which may not be transferred on the market and which shall automatically expire at the end of the trading period, without the holders thereof being entitled to receive new shares.

The number of free-of-charge allocation rights required to receive one new share in each Increase in Capital shall be automatically determined according to the ratio existing between the number of shares of the Company then outstanding on the date of implementation of the Increase in Capital in question (TNShrs.) and the provisional number of new shares, calculated by using the formula contained in Section 3.1 above. Specifically, the holders of free-of-charge allocation rights shall be entitled to receive one new share in exchange for the number of free-of-charge allocation rights held by them, which shall be determined as provided in Section 3.1 above.

In the event that the number of free-of-charge allocation rights required for the allocation of one new share (Num. rights) multiplied by the maximum number of new shares to be issued (NNS) results in a number that is lower than the number of outstanding shares of the Company on the date of implementation of the Increase in Capital in question, the Company (or any company within its group that holds shares of the Company) shall waive a number of free-of-charge allocation rights equal to the difference between both figures for the sole purpose that the number of new shares be a whole number and not a fraction. In such an event, as well as to the extent that shareholders of the Company elect to receive the Dividend, there will be an incomplete allocation of the Increase in Capital in question, and share capital shall be increased solely by the amount corresponding to the free-of-charge allocation rights that have not been waived, pursuant to the provisions of Section 311 of the *Companies Act*.

The free-of-charge allocation rights shall be allocated to those who are registered as being entitled thereto in the book-entry registers of IBERCLEAR on the relevant date pursuant to the securities clearing and settlement rules from time to time in effect.

The Company will waive the free-of-charge allocation rights corresponding to the shares of the Company that have been retired prior to the date of implementation of the corresponding Increase in Capital if said shares have not yet been removed from the book-entry registers of IBERCLEAR because the corresponding public instrument formalising the implementation of the resolution on the reduction in capital, the approval of which is submitted to the shareholders at the General Shareholders’ Meeting under item 12 on the agenda, has not yet been executed or is still pending registration.

The free-of-charge allocation rights may be traded during such term as is established by the Board of Directors (with express power of substitution), which term shall not be less than fourteen calendar days. During such term, a sufficient number of free-of-charge allocation rights may be acquired on the market in the proportion required to receive new shares. Notwithstanding the foregoing, these free-of-charge allocation rights acquired on the market during the trading period shall not give the acquiring party the right to choose to receive the



Dividend. Therefore, the new holders of these rights may only monetise their investment through the sale thereof on the market, or alternatively receive any new bonus shares of the Company to which they are entitled.

Shareholders that do not have free-of-charge allocation rights in a number sufficient to receive one new share in each Increase in Capital may: (a) acquire on the market a sufficient number of free-of-charge allocation rights which, added to those already held by them, grant them the right to receive one new share; (b) transfer all or part of their free-of-charge allocation rights on the market (with the consideration for their rights depending on market conditions in general and on the listing price of the free-of-charge allocation rights in particular); or (c) elect to receive the Dividend.

Upon completion of the trading period for the free-of-charge allocation rights and implementation of the Increase in Capital in question, the holders of the free-of-charge allocation rights (provided that they have not waived them upon the terms set forth above) shall receive a number of new shares –as they are proportionately entitled to receive– entirely as bonus shares.

3.3 Gross amount per share to be paid to the shareholders as the Dividend in the Implementations

As previously explained, upon the implementation of each Increase in Capital, the shareholders may choose to receive a certain Dividend per share. The gross amount to be paid to the shareholders as the Dividend for each share of the Company with the right to receive it shall be determined within the context of each of the Implementations by the Board of Directors (with express power of substitution), pursuant to the rules set forth below.

In both Implementations, the gross amount per share of the Dividend will be the amount resulting from the application of the following formula, with the result being rounded to the closest one-thousandth part of one euro:

$$\text{Dividend} = \text{ListPri} / (\text{Num. rights} + 1)$$

In the Second Implementation, the Board of Directors shall approve the payment of the Interim Dividend prior to 31 December 2023, subject in any case to the Requirements being met¹.

During the Common Election Period for each Implementation, the Company's shareholders shall have the ability to expressly choose to receive the Dividend per share with respect to all or part of the shares they own and that are outstanding on the relevant date upon the terms set by the Board of Directors (with express power of substitution), and pursuant to applicable securities clearing and settlement rules from time to time in effect. If they choose to receive the Dividend per share in question with respect to all or part of their shares, the shareholders shall expressly, automatically and irrevocably waive the free-of-charge allocation rights corresponding to said shares pursuant to the provisions of Section 3.2 above.

After the Common Election Period has ended, the Board of Directors (with express power of substitution) shall determine the aggregate gross amount in euros corresponding to the Dividend payment from each of the Implementations and shall make payment thereof through the

¹ If the Requirements to pay the Interim Dividend are not met, the gross amount of the Fixed Purchase Price per free-of-charge allocation right will be equal to the gross amount of the Interim Dividend per share resulting from the above formula (see Section 3.4 below).



participants in IBERCLEAR, the Board of Directors being hereby authorised for such purpose (with express power of substitution) to establish the specific date on which the payment of the Dividend should occur, to designate the entity that is to act as paying agent and to take such other steps as may be required or appropriate for the successful payment of the Dividend. Furthermore, after calculating said aggregate gross amount of the Dividend corresponding to each Implementation, the Board of Directors (with express power of substitution) shall rescind any resolution on payment of the corresponding Dividend with respect to the amounts that were not paid to those shareholders who elected (expressly or implicitly) to receive new shares.

Moreover, in the case of the First Implementation, after calculating the aggregate gross amount of the Dividend for such Implementation, the aggregate total amount paid as a dividend with a charge to the results for the financial year ended 31 December 2022 pursuant to the provisions of item 9 on the agenda shall be determined and, in view of said amount, the amount of the total basis for distribution established in said item on the agenda to be allocated to remainder shall be specified, and the resulting proposed allocation of profits/losses and payment of the dividend for financial year 2022 shall be completed.

3.4 Purchase Commitment within the framework of the Second Implementation

As already mentioned, if the Requirements to pay the Interim Dividend are not met within the framework of the Second Implementation, and in order to ensure that the shareholders can receive all or part of their remuneration in cash, the Company will make an irrevocable commitment to acquire the free-of-charge allocation rights arising from the second Increase in Capital at a guaranteed fixed price (i.e. the Purchase Commitment and the Fixed Purchase Price, respectively) upon the following terms and conditions.

The Fixed Purchase Price shall be calculated by applying the formula used to determine the gross amount per share of the Interim Dividend, such that the amount that would be received by shareholders choosing this option would be equal to the amount they would have received if it had been possible to pay the Interim Dividend. The Fixed Purchase Price shall be calculated prior to the commencement of the trading period for the free-of-charge allocation rights of the second Increase in Capital and shall be published as soon as it is determined.

The Purchase Commitment assumed by the Company shall cover the free-of-charge allocation rights received by those who are registered as being entitled thereto in the book-entry records of IBERCLEAR on the relevant date pursuant to the securities clearing and settlement rules from time to time in effect, but excluding those rights that have been transferred on the market.

The Purchase Commitment shall be in effect and may be accepted during such term as is established for these purposes by the Board of Directors (with express power of substitution), and which must in any case be included within the trading period for the free-of-charge allocation rights.

In relation to the foregoing, the Company is authorised to acquire said free-of-charge allocation rights, with a maximum limit of all rights issued in relation to the second Increase in Capital, but must in any case comply with the legal requirements applicable from time to time.



The acquisition by the Company of the free-of-charge allocation rights as a result of the Purchase Commitment shall be carried out with a charge to the reserves contemplated in Section 303.1 of the *Companies Act*.

The Company shall waive the new shares corresponding to the free-of-charge allocation rights that it has acquired by application of the Purchase Commitment. In such an event, there will be an incomplete allocation of the Increase in Capital corresponding to the Second Implementation, and share capital shall be increased solely by the amount corresponding to the free-of-charge allocation rights that have not been waived, pursuant to the provisions of Section 311 of the *Companies Act*.

3.5 Rights attaching to the new shares

The new shares issued in each Increase in Capital shall be ordinary shares having a nominal value of seventy-five euro cents each, of the same class and series as those currently outstanding, represented by book entries, and the book-entry registration of which will be entrusted to IBERCLEAR and its participants.

As from the date that each Increase in Capital is declared to be subscribed and paid up, the new shares shall grant the holders thereof the same financial, voting and like rights as the ordinary shares of the Company then outstanding.

The Increases in Capital shall be carried out free of expenses and fees as to the allocation of the new shares issued. The Company shall bear the costs of issuance, subscription, flotation, admission to trading and other costs associated with the Increases in Capital.

Without prejudice to the foregoing, the Company's shareholders should bear in mind that the participants in IBERCLEAR with which they keep their shares on deposit may establish such pass-through management fees and expenses as they may freely determine as a consequence of maintaining the securities in their book-entry records. Moreover, these participants may establish such pass-through fees and expenses as they may freely determine for the processing of orders to purchase and sell free-of-charge allocation rights.

3.6 Balance sheet for the transaction and reserves with a charge to which the Increases in Capital are carried out

The balance sheet used as a basis for the Increases in Capital is the one for the financial year ended 31 December 2022, which has been audited by "KPMG Auditores, S.L." and which is submitted to the shareholders for approval at the General Shareholders' Meeting under item 1 on the agenda.

The Increases in Capital shall be entirely carried out with a charge to the reserves contemplated in Section 303.1 of the *Companies Act*. When implementing each of them, the Board of Directors (with express power of substitution) shall determine the reserve(s) that will be used and the amount of such reserve(s) in accordance with the balance sheet used as a basis for the transaction.



3.7 Tax Regime

Within the framework of the implementation of the “Iberdrola Retribución Flexible” optional dividend system in 2018, and particularly the option for the Supplementary Dividend and the Interim Dividend, the Company submitted a binding consultation to the General Tax Authority (*Dirección General de Tributos*) (the “DGT”) regarding the tax treatment applicable to its shareholders in Spain subject to the Personal Income Tax (*Impuesto sobre la Renta de las Personas Físicas*) (“IRPF”), which was submitted to such agency on 14 July 2017. This binding consultation was answered by the DGT on 16 January 2018 with reference number V0042-18.

In addition to the foregoing, on 10 October 2019 the Company submitted a binding consultation to the DGT in order to clarify the tax impact for purposes of withholding of the *Resolution of 5 March 2019 of the Accounting and Statutory Auditing Institute developing the standards for presentation of financial instruments and other accounting aspects relating to the commercial regulation of capital enterprises* published in the Spanish Official Government Bulletin (*Boletín Oficial del Estado*) on 11 March 2019 (the “ICAC Resolution”) on the delivery of bonus shares or free-of-charge allocation rights in this context (the “Consultation”). The consultation was answered on 12 May 2020 with reference number V1357-20.

The answers to the binding consultation, as well as the answers by the DGT to the binding consultations obtained by the Company on 27 April 2010 and 1 October 2010 (made in relation to the traditional “Iberdrola Flexible Dividend” remuneration system), indicate that the tax treatment applicable on the date of preparation of this report is as described below.

In any event, shareholders and the holders of free-of-charge allocation rights are advised to consult their tax advisers before making a decision regarding the “Iberdrola Retribución Flexible” optional dividend system, taking into account the particular circumstances of each shareholder or holder of free-of-charge allocation rights.

As stated above, for tax purposes, the following possibilities should be distinguished based on the option chosen by each shareholder within the framework of the “Iberdrola Retribución Flexible” optional dividend system:

A) If choosing to receive newly-issued bonus shares

Pursuant to Spanish tax regulations, individual shareholders choosing to receive new shares as a consequence of the Increases in Capital will not include any income within their tax basis upon delivery thereof for purposes of the Spanish IRPF or the Non-Resident Income Tax (*Impuesto sobre la Renta de no Residentes*) (“IRNR”) if they do not act through a permanent establishment in Spain, nor will any withholding or payment on account apply.

However, the acquisition value for these shareholders of both the new shares received as a consequence of each Increase in Capital and the shares from which they derive will result from distributing the total cost of acquisition among the applicable number of securities, including both existing securities and those issued as bonus shares. In respect of these shareholders, such bonus shares will be deemed to have been held for as long as the shares from which they derive. Consequently, in the event of a subsequent transfer,



the income subject to taxation that is obtained will be calculated by reference to such new acquisition value.

Shareholders subject to the Corporate Income Tax (*Impuesto sobre Sociedades*) ("IS") of the IRNR for non-residents with a permanent establishment in Spain, to the extent that a complete commercial cycle is closed, will pay tax pursuant to applicable accounting rules (taking into account the ICAC Resolution, and particularly Article 35.4 thereof regarding the treatment of members of shareholder remuneration programmes that can be implemented by acquiring newly-issued bonus shares, disposing of the free-of-charge allocation rights on the market or selling them to the issuing company, which is mandatory for financial years beginning on 1 January 2020), and any specific rules regarding the above taxes. All of the foregoing is without prejudice to the rules for determining any applicable tax basis for these taxes, and particularly the ability to apply the exemption of Section 21 of Law 27/2014 of 27 November on the Corporate Income Tax (*Ley del Impuesto sobre Sociedades*) ("LIS"), upon compliance with the requirements set forth therein, or, in cases where the reserve used to issue the bonus shares in the Increase in Capital is the reserve from the share premium, the rule set forth in Section 17.6 of the LIS. Shareholders subject to the IS or the IRNR who act through a permanent establishment in Spain are advised to consult their tax advisers on the impact of the ICAC Resolution and the government's approach as described above before making a decision regarding the Increases in Capital.

In any case, pursuant to the standard provided by the DGT in the Consultation in favour of the Company, the Company is not required to apply withholding or payments on account upon the delivery of bonus shares or free-of-charge allocation rights within this context.

B) If choosing to transfer all or part of their free-of-charge allocation rights on the market

In the event that the shareholders sell their free-of-charge allocation rights on the market, the amount obtained for the transfer of such rights on the market will be subject to the following tax treatment:

- For individual shareholders subject to the Spanish IRPF or the IRNR for non-residents who do not act through a permanent establishment in Spain, the amount obtained in transfers of free-of-charge allocation rights will be deemed to be a financial profit, all without prejudice to the potential application to persons subject to the IRNR without a permanent establishment of international treaties, including the treaties signed by Spain for the avoidance of double taxation and for the prevention of tax evasion in the area of Income Tax and to which they might be entitled, and the exemptions established in the IRNR rules.

In addition, for individual shareholders subject to the IRPF applicable within the common regions of Spain, the amount obtained in the transfers of free-of-charge allocation rights will be subject to the corresponding withholding on account of this tax. The withholding will be applied by the corresponding depositary (and in the absence thereof, by the financial intermediary or notary public that has participated in the transfer thereof).



- For shareholders subject to the IS or the IRNR with a permanent establishment in Spain, to the extent that a complete commercial cycle is closed, taxes will be paid pursuant to applicable rules (taking into account, if applicable, the ICAC Resolution, and particularly the aforementioned Article 35.4 thereof, which will be mandatory for financial years beginning on 1 January 2020), and any specific rules regarding the aforementioned taxes. All of the foregoing is without prejudice to the rules for determining any applicable tax basis for these taxes, and particularly the ability to apply the exemption of Section 21 of the LIS, upon compliance with the requirements set forth therein, or, in cases where the reserve used to issue the bonus shares in the Increase in Capital is the reserve from the share premium, the rule set forth in Section 17.6 of the LIS. Shareholders subject to the IS and the IRNR who act through a permanent establishment in Spain are advised to consult their tax advisers on the impact of the ICAC Resolution and the government's approach as described above before making a decision regarding the Increases in Capital.
- In any case, pursuant to the standard provided by the DGT in the Consultation in favour of the Company, the Company is not required to apply withholding or payments on account upon the sale of free-of-charge allocation rights on the market within this context.

C) If choosing to receive their remuneration in cash by collecting the Dividend in question, or alternatively, transferring all of their free-of-charge allocation rights to the Company at the Fixed Purchase Price pursuant to the Purchase Commitment²

Finally, if the shareholders (whether individuals or legal entities) choose to receive the Supplementary Dividend or the Interim Dividend (or if they receive the Fixed Purchase Price, if applicable), the amount obtained will be covered by the tax regime for returns obtained from participation in the own funds of entities (as dividends), and will therefore be subject to the corresponding withholding and taxation.

D) Other considerations regarding the tax regime

It should be borne in mind that this analysis of the tax regime (which has been performed on the basis of specific assumptions) does not cover all the possible tax consequences of the various options relating to the "Iberdrola Retribución Flexible" optional dividend system, the implementation of the Increases in Capital or the payment of the Supplementary Dividend and of the Interim Dividend. If a change in these assumptions changes the description of the taxation of the proposals covered by this report, the new tax treatment will be communicated to the market as appropriate. In particular, it does not describe the consequences to which shareholders that are not residents in Spain for tax purposes may be subject in their countries of residence. Nor is there an analysis of any particularities that may apply to shareholders residing in the Historical Territories of the Basque Country or the Chartered Community of Navarre. Therefore, it is recommended that shareholders and holders of free-of-charge allocation rights consult with their tax advisers regarding the specific tax impact of the proposed remuneration system, taking into account the particular circumstances of each shareholder or holder of free-of-charge allocation rights, and that they pay attention to: (i) any amendments that may be made to

² If the Requirements to pay the Interim Dividend are not met.



the law applicable following the date of this report; (ii) the text of the transitional provisions thereof; and (iii) the rules for interpretation.

Finally, the holders of American Depositary Receipts (ADRs) and CREST Depository Interests (CDIs) representing shares of the Company are advised to consult with their tax advisers on the taxation thereof in Spain or their jurisdictions of residence before making a decision in connection with the Increases in Capital.

In any case, it should be noted that the Financial Transactions Tax Act (*Ley del Impuesto sobre las Transacciones Financieras*) (the "ITF" and the "LITF", respectively) came into force on 16 January 2021.

According to the terms of the LITF, the ITF taxes acquisitions for consideration of shares of Spanish companies that are admitted to trading on a Spanish market, a regulated market of the European Union or a market considered equivalent in a third country at a fixed rate of 0.2%, provided that the capitalisation of the company as at 1 December of the year preceding the acquisition is more than €1,000 million. A taxable event for purposes of the ITF also covers the acquisition of shares arising from the acquisition of certificates of deposit representing said shares (e.g. ADRs or CDIs), among other transactions or contracts.

Pursuant to the provisions of the LITF, the Spanish National Tax Administration Agency has published a list of Spanish companies whose shares have a market capitalisation of more than €1,000 million as at 1 December 2022. The Company is included in this list, for which reason, in principle, acquisitions for consideration of its shares (or certificates of deposit representing such shares, like ADRs or CDIs) during 2023 would fall within the scope of the ITF (without prejudice to the corresponding exemptions that may apply).

That said, the Spanish National Tax Administration Agency has published a document on "Frequently asked questions regarding the Financial Transactions Tax" document (which is regularly updated), pursuant to which acquisitions of shares within the framework of shareholder remuneration programmes known as "scrip dividend" programmes (to the extent that the shares delivered are new shares resulting from a totally paid-up increase in capital) are not subject to the ITF.

However, the ITF may subject to taxation (at a fixed rate of 0.2%) other transactions in shares of the Company (or ADRs or CDIs), regardless of the residence of the participating parties.

In any event, shareholders and the holders of free-of-charge allocation rights are advised to consult their tax advisers regarding the impact of the ITF and of any other tax measure, taking into account the particular circumstances of each shareholder or holder of free-of-charge allocation rights.

3.8 Delegation to carry out each of the Implementations

It is proposed to delegate to the Board of Directors (with express power of substitution) the power to set the date on which each of the Implementations is to be carried out, as well as to establish the terms and conditions applicable to each of the Implementations as to all matters



not provided for by the shareholders at the General Shareholders' Meeting (including, in particular, the Amount of the Option), all on the terms and within the period of one year contemplated in Section 297.1.a) of the *Companies Act*. Notwithstanding the foregoing, if the Board of Directors (with express power of substitution) does not deem it advisable to carry out one or both Implementations, in whole or in part, within the aforementioned period, it may refrain from doing so, with the duty to inform the shareholders thereof at the next General Shareholders' Meeting. Specifically, the Board of Directors (with express power of substitution) shall analyse and take into account the market conditions, the circumstances of the Company itself or those deriving from an event that has social or financial significance for the Company, and if these or other factors make it inadvisable, in its opinion, to carry out one or both Implementations, it may refrain from doing so. In addition, the resolutions approved by the shareholders at this General Shareholders' Meeting relating to the Supplementary Dividend and to the Increases in Capital shall be deprived of any and all effect in the event that the Board of Directors (or the body acting by delegation thereof) does not exercise the powers delegated thereto or, in the case of the Second Implementation, does not approve the payment of the Interim Dividend or honour the Purchase Commitment, within a period of one year from approval of the resolutions.

On the dates that the Board of Directors (or the body acting by delegation therefrom) decides to implement an Increase in Capital, establishing for such purpose all of the final terms and conditions thereof as to all matters not provided for by the shareholders at the General Shareholders' Meeting, the Company shall make public such terms and conditions. In particular, prior to the commencement of each free-of-charge allocation period, the Company shall make available to the public a document containing information on the number and nature of the shares, the reasons for the Increase in Capital and the gross amount of the Dividend per share, all as provided by Article 1.5.(g) of *Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC* or the legal provisions that apply at any particular time.

Once the period for trading the free-of-charge allocation rights corresponding to each of the Increases in Capital has ended, the following shall apply:

- i. The new shares shall be allocated to those who, according to the book-entry records maintained by IBERCLEAR and its participants, are the holders of free-of-charge allocation rights in the required proportion (due to not having waived them on the terms provided above).
- ii. The period for trading the free-of-charge allocation rights shall be declared to have ended and the appropriation of the account(s) with a charge to which the relevant Increase in Capital will be implemented shall be formalised on the books in the respective amount, with which appropriation the Increase in Capital will be paid up.
- iii. The Company shall pay the Supplementary Dividend or the Interim Dividend (or, if the Requirements are not met within the framework of the Second Implementation, the Fixed Purchase Price), as applicable, to the shareholders that have expressly chosen this remuneration option within the period and subject to the terms and conditions determined for these purposes by the Board of Directors (with express power of substitution).



Finally, in each Increase in Capital, the Board of Directors (with express power of substitution) shall adopt the resolutions required to amend the *By-Laws* so that they reflect the new amount of share capital and the number of shares resulting from the Increase in Capital in question, and to make application for trading the new shares as described in the next section.

3.9 Admission of the new shares to trading

The Company shall make application for trading the new shares to be issued as a consequence of each Increase in Capital on the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges, through the Automated Quotation System (*Sistema de Interconexión Bursátil*) (Continuous Market), and shall carry out such acts and formalities as are required for admission to trading of the new shares issued in each Increase in Capital.

4. Proposed Resolutions Submitted to the Shareholders at the General Shareholders' Meeting

The proposed resolutions relating to the allocation of profits/losses and dividend for financial year 2022 and to the increases in share capital by means of scrip issues submitted to the shareholders for approval at the General Shareholders' Meeting read as follows:

"ITEM 9 ON THE AGENDA

Allocation of profits/losses and 2022 dividends: approval and supplementary payment that will be made within the framework of the "Iberdrola Retribución Flexible" optional dividend system

RESOLUTION

To approve the proposed allocation of profits/losses and payment of dividends for financial year 2022 formulated by the Board of Directors at its meeting held on 21 February 2023, which is described below:

*To approve the payment, with a charge to the results for the financial year ended 31 December 2022 and to the balance from prior financial years, of a dividend in the aggregate gross amount equal to the sum of the following amounts (the "**Dividend**"):*

- a) *€235,060,916.76, which was paid on account of the dividend for financial year 2022 on 31 January 2023 to the holders of 1,305,893,982 shares of "Iberdrola, S.A." (the "**Company**") who elected to receive their remuneration in cash within the framework of the second implementation of the "Iberdrola Retribución Flexible" optional dividend system for financial year 2022 by collecting an amount of €0.180 (gross) per share (the total amount paid to said holders will be referred to as the "**Total Interim Dividend**")*; and
- b) *the determinable amount resulting from multiplying:*
 - i. *the gross amount per share to be paid by the Company as a supplementary dividend payment for financial year 2022 within the framework of the first implementation of the "Iberdrola Retribución Flexible" optional dividend system for financial year 2023 (the "**Supplementary Dividend**")*, and which will be as determined by the Company's Board of Directors pursuant to the rules set forth in the section "Common terms and conditions of the dividend payment and increase in share capital resolutions proposed under items 9, 10 and 11 on the agenda pursuant to which the "Iberdrola Retribución Flexible" optional dividend system is implemented" (the "**Common Terms**"); by



- ii. *the total number of shares with respect to which the holders thereof have elected to receive the Supplementary Dividend within the framework of the first implementation of the “Iberdrola Retribución Flexible” optional dividend system for financial year 2023.*

The amount of the Supplementary Dividend, and therefore the amount of the Dividend, cannot be determined as of the date of formulation of this proposed resolution.

For the purposes hereof, it is hereby noted that the payment of the Supplementary Dividend shall be made together with the implementation of the increase in share capital submitted for approval of the shareholders at the General Shareholders’ Meeting under item 10 on the agenda, in order to offer the shareholders the ability to receive their remuneration in cash (by collecting the Supplementary Dividend) or in newly-issued bonus shares of the Company (through said increase in share capital).

The collection of the Supplementary Dividend provided for in this resolution is thus configured, in accordance with the provisions of the Common Terms, as one of the alternatives that a shareholder of the Company can choose when receiving their remuneration within the framework of the first implementation of the “Iberdrola Retribución Flexible” optional dividend system for financial year 2023. As a result of the foregoing, and as described below in the Common Terms, it shall be deemed that those shareholders choosing to receive their remuneration in cash through the Supplementary Dividend with respect to all or part of their shares expressly, automatically and irrevocably waive the free-of-charge allocation rights corresponding to said shares and therefore the ability to transfer them on the market or to receive newly-issued bonus shares corresponding to said free-of-charge allocation rights.

The payment of the Supplementary Dividend, which is expected to be made during the month of July 2023, shall be implemented through the participants in “Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.” (Sociedad Unipersonal) (IBERCLEAR), the Board of Directors being hereby authorised to establish the specific date for payment of the Supplementary Dividend, to designate the entity that is to act as paying agent and to take such other steps as may be required or appropriate for the successful completion of the payment.

Also, to delegate to the Board of Directors the power to set the conditions applicable to the payment of the Supplementary Dividend to the extent not provided for in this resolution, including the determination of the specific gross amount of the Supplementary Dividend subject to the aforementioned rules.

Finally, pursuant to the provisions of Section 249 bis.l) of the Companies Act, to expressly authorise the Board of Directors to further delegate the powers referred to in this resolution.

The basis for distribution and the resulting proposed distribution (expressed in euros) is as follows:

BASIS FOR DISTRIBUTION:

<i>Balance from prior financial years:</i>	<i>10,291,871,698</i>
<i>Profits for financial year 2022:</i>	<i>2,840,450,303</i>
<i>TOTAL BASIS FOR DISTRIBUTION:</i>	<i>13,132,322,001</i>

**DISTRIBUTION:**

To Dividend:	<i>Amount pending determination which will result from adding: (a) the Total Interim Dividend; and (b) the result of multiplying the Supplementary Dividend by the total number of shares with respect to which the holders thereof have elected to receive the Supplementary Dividend within the framework of the first implementation of the "Iberdrola Retribución Flexible" optional dividend system for financial year 2023.</i>
To remainder:	<i>Determinable amount that will result from subtracting the amount allocated to the Dividend from the total basis for distribution.</i>

TOTAL: **13,132,322,001**

On the date that the Board of Directors (or the body acting by delegation therefrom) decides to implement the increase in share capital that is being submitted for approval of the shareholders at the General Shareholders' Meeting under item 10 on the agenda (and therefore, to commence the first implementation of the "Iberdrola Retribución Flexible" optional dividend system for financial year 2023), the minimum amount of the Supplementary Dividend shall be announced. The final amount of the Supplementary Dividend shall be communicated as soon as the Board of Directors (or the body acting by delegation therefrom) determines it in accordance with the provisions of the Common Terms. Furthermore, once the first implementation of the "Iberdrola Retribución Flexible" optional dividend system for financial year 2023 is completed, the Board of Directors (with express power of substitution) shall proceed to specify the aforementioned proposed distribution, determining the final amount of the Dividend and the amount to be allocated to remainder.

The Common Terms include a sample calculation of the Supplementary Dividend, among other figures relating to the implementation of the increase in share capital submitted for approval of the shareholders at the General Shareholders' Meeting under item 10 on the agenda.

ITEM 10 ON THE AGENDA

First increase in capital by means of a scrip issue at a maximum reference market value of €2,275 million in order to implement the "Iberdrola Retribución Flexible" optional dividend system

RESOLUTION

*To increase the share capital of "Iberdrola, S.A." (the "**Company**") upon the terms and conditions described in the section below, entitled "Common terms and conditions of the dividend payment and increase in share capital resolutions proposed under items 9, 10 and 11 on the agenda, pursuant to which the "Iberdrola Retribución Flexible" optional dividend system is implemented" (the "**Common Terms**"), at a maximum reference market value of €2,275 million for the shares to be issued in implementation of said increase.*



The increase in share capital shall be implemented together with the supplementary payment of the dividend submitted for approval of the shareholders at the General Shareholders’ Meeting under item 9 on the agenda, in order to offer the Company’s shareholders the ability to receive their remuneration in cash (receiving said supplementary payment of the dividend) or in newly-issued bonus shares of the Company (through the increase in share capital). The delivery of bonus shares issued within the context of the increase in share capital is thus configured as one of the alternatives that a shareholder can choose when receiving their remuneration, pursuant to the provisions of the Common Terms.

Pursuant to the provisions of Section 297.1.a) of the Companies Act, to delegate to the Board of Directors the power to set the date on which the increase in share capital is to be carried out, if at all, and to set the terms and conditions applicable to all matters not included in this resolution.

Pursuant to the provisions of Section 249 bis.I) of the Companies Act, to expressly authorise the Board of Directors to further delegate the powers referred to in this resolution.

This increase in share capital is expected to be implemented together with the supplementary payment of the dividend contemplated in item 9 on the agenda during the month of July 2023.

ITEM 11 ON THE AGENDA

Second increase in capital by means of a scrip issue at a maximum reference market value of €1,500 million in order to implement the “Iberdrola Retribución Flexible” optional dividend system

RESOLUTION

*To increase the share capital of “Iberdrola, S.A.” (the “**Company**”) upon the terms and conditions described in the section below, entitled “Common terms and conditions of the dividend payment and increase in share capital resolutions proposed under items 9, 10 and 11 on the agenda, pursuant to which the “Iberdrola Retribución Flexible” optional dividend system is implemented” (the “**Common Terms**”), at a maximum reference market value of €1,500 million for the shares to be issued in implementation of said increase.*

*The increase in share capital is expected to be implemented together with the payment of the interim dividend amount for financial year 2023, if any, to be approved by the Company’s Board of Directors (the “**Interim Dividend**”) in order to offer the Company’s shareholders the ability to receive their remuneration in cash (by collecting the Interim Dividend) or in newly-issued bonus shares of the Company (through the increase in share capital). The delivery of bonus shares issued within the context of the increase in share capital is thus configured as one of the alternatives that a shareholder can choose when receiving their remuneration, pursuant to the provisions of the Common Terms.*

Pursuant to the provisions of Section 297.1.a) of the Companies Act, to delegate to the Board of Directors the power to set the date on which the increase in share capital is to be carried out, if at all, and to set the terms and conditions applicable to all matters not included in this resolution.

Pursuant to the provisions of Section 249 bis.I) of the Companies Act, to expressly authorise the Board of Directors to further delegate the powers referred to in this resolution.



This increase in share capital is expected to be implemented together with the Interim Dividend payment during the month of January 2024.

COMMON TERMS AND CONDITIONS OF THE DIVIDEND PAYMENT AND INCREASE IN SHARE CAPITAL RESOLUTIONS PROPOSED UNDER ITEMS 9, 10 AND 11 ON THE AGENDA PURSUANT TO WHICH THE "IBERDROLA RETRIBUCIÓN FLEXIBLE" OPTIONAL DIVIDEND SYSTEM IS IMPLEMENTED

1. Main characteristics of the "Iberdrola Retribución Flexible" optional dividend system

The purpose of the resolutions for the allocation of profits/losses and dividend payment and of the increase in share capital resolutions proposed under items 9, 10 and 11 on the agenda is to implement the "Iberdrola Retribución Flexible" optional dividend system for financial year 2023 pursuant to which the shareholders of "Iberdrola, S.A." (the "**Company**") are offered the ability to receive their remuneration in cash or in newly-issued bonus shares.

For this purpose, there shall be two implementations of said optional dividend system in each of which dividend payments shall be made (the "**Dividend Payments**", and individually, a "**Dividend Payment**") along with the implementations of the increases in share capital (the "**Increases in Capital**", and individually, an "**Increase in Capital**") submitted for approval of the shareholders at the General Shareholders' Meeting under items number 10 and 11 on the agenda:

- (i) The first implementation, which is expected to take place during the month of July 2023 (the "**First Implementation**"), shall be carried out through the supplementary payment of the dividend for financial year 2022 contemplated in item 9 on the agenda (the "**Supplementary Dividend**") together with the implementation of the Increase in Capital submitted for approval of the shareholders at the General Shareholders' Meeting under item 10 on the agenda.
- (ii) The second implementation, which is expected to take place during the month of January 2024 (the "**Second Implementation**", and collectively with the First Implementation, the "**Implementations**" and each of the Implementations, individually, an "**Implementation**"), shall be carried out through the payment of an interim amount of the dividend for financial year 2023 (the "**Interim Dividend**") to be approved, if appropriate, by the Board of Directors pursuant to the provisions of section 2.2 below, together with the implementation of the Increase in Capital submitted for approval of the shareholders at the General Shareholders' Meeting under item 11 on the agenda.

The Supplementary Dividend and the Interim Dividend shall hereinafter be referred to collectively as the "**Dividends**" and each of them individually as a "**Dividend**".

In each of the Implementations, the shareholders may choose from among the following options for remuneration upon the terms and conditions established by the Board of Directors (with express power of substitution):

- (a) Receiving their remuneration in cash by collecting the Dividend in question (whether with respect to all of their shares or a portion thereof), for which purpose the shareholders shall be required to make an express election in this regard.
- (b) Receiving their remuneration in newly-issued bonus shares of the Company. To this end, shareholders must refrain from transferring their free-of-charge allocation rights on the market. In this case, upon completion of the trading period for the free-of-charge allocation rights and



implementation of the Increase in Capital, the shareholders shall receive such number of new shares (as they are proportionately entitled to receive), entirely as bonus shares.

- (c) *Transferring all or part of their free-of-charge allocation rights on the market during the trading period pursuant to the provisions of Section 5 below. In this case, the consideration for such rights will depend on market conditions in general and on the listing price of such rights in particular.*

The final amount of each of the Dividend Payments and of each of the Increases in Capital shall be determined by the Company's Board of Directors (or the body acting by delegation therefrom) within the context of each of the Implementations and pursuant to the provisions of the sections below.

Within the year following the date of approval of the resolutions included in items 10 and 11 on the agenda, each of the Implementations may be made by the Board of Directors (with express power of substitution) at its sole discretion, and therefore without having to once again obtain the approval of the shareholders at a General Shareholders' Meeting, and based on the legal and financial conditions existing at the time of each of the Implementations, in order to offer the Company's shareholders a flexible and efficient remuneration formula.

The shareholders may only elect remuneration option (a) above (i.e. receiving the Dividend in question) during the "Common Election Period". The Common Election Period will begin on the same day as the trading period for the free-of-charge allocation rights, and the Board of Directors (with express power of substitution) must establish the specific term of the Common Election Period, which may in no event exceed the term of said trading period.

Based on their preferences and needs, the Company's shareholders may combine any of the alternatives mentioned in paragraphs (a) through (c) above. In any event, the election of one of the remuneration options automatically excludes the ability to choose either of the other two options regarding the same shares, for which reason the ability to combine options referred to above will only be possible with respect to different groups of shares.

As described below (see section 3 below), if the requirements of Section 277 of the Companies Act to pay the Interim Dividend (the "Requirements") are not met within the framework of the Second Implementation, the Company shall make an irrevocable commitment to acquire the free-of-charge allocation rights arising from the second Increase in Capital at a guaranteed fixed price upon the terms and conditions described below (the "Purchase Commitment" and the "Fixed Purchase Price", respectively). In this case, the shareholders may monetise their free-of-charge allocation rights by transferring them to the Company at the Fixed Purchase Price and thus receive a cash amount equal to the one that the Company would have paid as an Interim Dividend.

The Company assumes no liability for the choices made by the holders of the free-of-charge allocation rights (or for a failure to choose, if an express and valid communication is not received from said holders).

It is also stated for the record that the only period authorised for the holders of free-of-charge allocation rights to communicate to the entities with which their rights are deposited their preferences regarding the remuneration options is the Common Election Period, regardless of whether they are institutional or minority holders of rights. The Company assumes no liability for a breach of this period by the depositaries (whether due to not accepting communications during a portion of the Common Election



Period or for accepting them after the passage of said period, or for any other reason), for which reason any claim in this regard must be addressed by the shareholders or holders of free-of-charge allocation rights to the depositary in question.

2. Amount of the Dividends

2.1. Gross amount per share to be paid to the shareholders as a Supplementary Dividend in the First Implementation

The gross amount to be paid to the shareholders as a Supplementary Dividend for each share of the Company with the right to receive it shall be determined within the context of the First Implementation by the Board of Directors (with express power of substitution), subject to the terms and conditions set forth in item 9 on the agenda and in this section (the "**Supplementary Dividend**").

During the Common Election Period for the First Implementation, the Company's shareholders shall have the ability to expressly choose to receive the Supplementary Dividend with respect to all or part of the shares they own and that are outstanding on the relevant date upon the terms set by the Board of Directors (with express power of substitution) and pursuant to applicable securities clearing and settlement rules from time to time in effect. If they choose to receive the Supplementary Dividend with respect to all or part of their shares, the shareholders shall expressly, automatically and irrevocably waive the free-of-charge allocation rights corresponding to said shares.

The free-of-charge allocation rights acquired on the market during the trading period established for this purpose by the Board of Directors (or the body acting by delegation therefrom) shall not give the acquiring parties the right to choose to receive the Supplementary Dividend. Therefore, the new holders of these rights may only monetise their investment through the sale thereof on the market during said trading period that has been activated for this purpose. Alternatively, they may receive the newly-issued bonus shares of the Company to which they are entitled.

After the Common Election Period for the First Implementation has ended, the Board of Directors (with express power of substitution) shall determine the aggregate gross amount in euros corresponding to the Dividend Payment for the First Implementation (equal to the final amount of the Supplementary Dividend) and shall make payment thereof through the participants in "Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A." (Sociedad Unipersonal) ("**IBERCLEAR**"), the Board of Directors being hereby authorised for such purpose (with express power of substitution) to establish the specific date on which the Dividend Payment should occur, to designate the entity that is to act as paying agent, and to take such other steps as may be required or appropriate for the successful completion of the Dividend Payment. Furthermore, after calculating said aggregate gross amount corresponding to the Dividend Payment for the First Implementation, the Board of Directors (with express power of substitution) shall, if applicable, rescind the resolution on payment of the Supplementary Dividend with respect to the amounts that were not paid to those shareholders who elected (expressly or implicitly) to receive newly-issued bonus shares of the Company or who sold their free-of-charge allocation rights on the market.

Moreover, after calculating the aggregate gross amount of the Supplementary Dividend, the aggregate total amount paid as a dividend with a charge to the results for the financial year



ended 31 December 2022 pursuant to the provisions of item 9 on the agenda shall be determined and, in view of said amount, the amount of the total basis for distribution established in said item on the agenda to be allocated to remainder shall be specified, and the resulting proposed allocation of profits/losses and payment of the dividend for financial year 2022 shall be completed.

Section 4.1 below includes the formula for calculating the gross amount per share corresponding to the Supplementary Dividend.

2.2. Gross amount per share to be paid to the shareholders as an Interim Dividend in the Second Implementation

The gross amount to be paid as an Interim Dividend, if any, for each share of the Company with the right to receive it shall be as determined by the Board of Directors pursuant to the corresponding resolution to be adopted prior to 31 December 2023, which will be subject in any event to confirmation that the Requirements have been met (the "**Interim Dividend**").

During the Common Election Period for the Second Implementation, the Company's shareholders shall have the ability to expressly choose to receive the Interim Dividend with respect to all or part of the shares they own and that are outstanding on the relevant date upon the terms set by the Board of Directors (with express power of substitution) and pursuant to applicable securities clearing and settlement rules from time to time in effect. If they choose to receive the Interim Dividend with respect to all or part of their shares, the shareholders shall expressly, automatically and irrevocably waive the free-of-charge allocation rights corresponding to said shares.

The free-of-charge allocation rights acquired on the market during the trading period established for this purpose by the Board of Directors (or the body acting by delegation therefrom) shall not give the acquiring parties the right to choose to receive the Interim Dividend. Therefore, the new holders of these rights may only monetise their investment through the sale thereof on the market during said trading period that has been activated for this purpose. Alternatively, they may choose to receive the newly-issued bonus shares to which they are entitled at the end of the aforementioned trading period.

After the Common Election Period for the Second Implementation, the Board of Directors (with express power of substitution) shall determine the aggregate gross amount in euros corresponding to the Dividend Payment for the Second Implementation and shall make payment thereof through the participants in IBERCLEAR. To this end, the Board of Directors (with express power of substitution) shall establish the specific date on which the Dividend Payment should occur, shall designate the entity that is to act as paying agent, and shall take such other steps as may be required or appropriate for the successful completion of the Dividend Payment. Furthermore, after calculating said aggregate gross amount corresponding to the Dividend Payment for the Second Implementation, the Board of Directors (with express power of substitution) shall, if applicable, rescind the resolution on payment of the Interim Dividend with respect to the amounts that were not paid to those shareholders who elected (expressly or implicitly) to receive newly-issued bonus shares of the Company or who sold their free-of-charge allocation rights on the market.



Without prejudice to the foregoing, if the Requirements are not met to pay the Interim Dividend within the framework of the Second Implementation, the Company shall make the Purchase Commitment in order for the shareholders to be able to monetise their free-of-charge allocation rights by transferring them to the Company at the Fixed Purchase Price upon the terms and conditions described in section 3 below.

Section 4.1 below includes the formula for calculating the gross amount per share corresponding to the Interim Dividend.

3. Purchase Commitment within the framework of the Second Implementation

If the Requirements are not met to pay the Interim Dividend within the framework of the Second Implementation (which circumstance shall be communicated to the market), the Company shall make the Purchase Commitment upon the terms described in this section in order to ensure that the shareholders can receive all or part of their remuneration in cash.

The Fixed Purchase Price shall be calculated by applying the formula used to determine the gross amount per share of the Interim Dividend (see section 4.1 below), such that the amount that would be received by shareholders choosing this option would be equal to the amount they would have received if it had been possible to pay the Interim Dividend. The Fixed Purchase Price shall be calculated prior to the commencement of the trading period for the free-of-charge allocation rights of the second Increase in Capital and shall be published as soon as it is determined.

The Purchase Commitment assumed by the Company shall cover the free-of-charge allocation rights received by those who are registered as being entitled thereto in the book-entry registers of IBERCLEAR on the relevant date pursuant to the securities clearing and settlement rules from time to time in effect. The free-of-charge allocation rights acquired on the market during the trading period established for this purpose by the Board of Directors (or the body acting by delegation therefrom) shall not give the acquiring parties the right to exercise the Purchase Commitment or, therefore, to receive the Fixed Purchase Price. Therefore, the new holders of these rights may only monetise their investment through the sale thereof on the market during said trading period that has been activated for this purpose. Alternatively, they may choose to receive the newly-issued bonus shares to which they are entitled at the end of the aforementioned trading period.

The Purchase Commitment shall be in effect and may be accepted during such term as is established for these purposes by the Board of Directors (with express power of substitution), and which must in any case be included within the trading period for the free-of-charge allocation rights.

In relation to the foregoing, the Company is authorised to acquire said free-of-charge allocation rights, with a maximum limit of all rights issued in relation to the second Increase in Capital, but must in any case comply with the legal requirements applicable from time to time.

The acquisition by the Company of the free-of-charge allocation rights as a result of the Purchase Commitment shall be carried out with a charge to the reserves contemplated in Section 303.1 of the Companies Act.

The Company shall waive the new shares corresponding to the free-of-charge allocation rights that it has acquired by application of the Purchase Commitment. In such an event, pursuant to the provisions of Section 311 of the Companies Act, there will be an incomplete allocation of the Increase in Capital



corresponding to the Second Implementation, and share capital shall be increased solely by the amount corresponding to the free-of-charge allocation rights that have not been waived.

4. Common characteristics of the Increases in Capital

The amount of each of the Increases in Capital shall be the amount resulting from multiplying: (a) the nominal value of each share of the Company, equal to seventy-five euro cents; by (b) the total determinable number of new shares of the Company to be issued, in accordance with the formula set forth in section 4.1 below, on the date of each of the Implementations (the new shares of the Company issued by way of implementation of each of the Increases in Capital shall be collectively referred to as the "**New Shares**", and each one, individually, as a "**New Share**").

Both Increases in Capital shall be carried out, if at all, by means of the issuance and flotation, on their respective dates of Implementation, of the New Shares, which shall be ordinary shares having a nominal value of seventy-five euro cents each, of the same class and series as those currently outstanding, represented by book entries.

The Increases in Capital shall be entirely carried out with a charge to the reserves contemplated in Section 303.1 of the Companies Act. When implementing each of the Increases in Capital, the Board of Directors, with express power of substitution, shall determine the reserve(s) to be used and the amount of such reserve(s) in accordance with the balance sheet used as a basis for the transaction.

The New Shares shall be issued at par, i.e. at their nominal value of seventy-five euro cents, without a share premium, and shall be allocated without charge to the shareholders of the Company who have opted for this remuneration alternative.

Pursuant to the provisions of Section 311 of the Companies Act, the possibility of an incomplete allocation of the Increases in Capital is contemplated in the event that the Company, a company within its group, a shareholder or a third party waives all or part of the free-of-charge allocation rights to which they are entitled at the time of implementation of each of the Increases in Capital, for which reason, in the event of such waiver, the share capital shall be increased by the corresponding amount. For these purposes, it shall be deemed that those who have chosen to receive their remuneration in cash by means of collecting the Dividend in question with respect to all or part of their shares expressly, automatically and irrevocably waive the free-of-charge allocation rights corresponding to said shares, upon the terms and conditions set forth herein.

4.1 New Shares to be issued in each of the Increases in Capital

The maximum number of New Shares to be issued in each of the Increases in Capital shall be the number resulting from the application of the following formula, with the resulting number being rounded to the next lower integer:

$$NNS = TNShrs. / Num. rights$$

where:

NNS = Maximum number of New Shares to be issued within the framework of the relevant Increase in Capital;



TNShrs. = Number of shares of the Company outstanding on the date that the Board of Directors (with express power of substitution) resolves to implement the relevant Increase in Capital. In this regard, those shares of the Company that have previously been retired by virtue of the implementation of the resolution approving the reduction in share capital by means of the retirement of own shares submitted to the shareholders for approval at the General Shareholders' Meeting under item 12 on the agenda, even if the corresponding public instrument formalising the reduction in share capital has not been executed or is pending registration with the Commercial Registry, shall not be deemed to be outstanding shares of the Company; and

Num. rights = Number of free-of-charge allocation rights required for the allocation of one New Share within the framework of the relevant Increase in Capital, which number will result from the application of the following formula, with the result being rounded to the next higher integer:

Num. rights = TNShrs. / Provisional number of shares

where:

Provisional number of shares = Amount of the Option / ListPri.

For these purposes, "Amount of the Option" shall mean the maximum reference market value of the relevant Increase in Capital to be set by the Board of Directors (with express power of substitution) and which shall not be greater than the amount referred to in the proposed Increase in Capital resolutions submitted for the approval of the shareholders at the General Shareholders' Meeting under items 10 and 11 on the agenda (i.e. €2,275 and €1,500 million, respectively).

For its part, "ListPri" shall be the arithmetic mean of the average weighted listing prices of the Company's shares on the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges through the Automated Quotation System (Sistema de Interconexión Bursátil) (Continuous Market) for the five trading sessions determined by the Board of Directors (or the body acting by delegation therefrom) to set the number of free-of-charge allocation rights needed for the allocation of one New Share in the relevant Increase in Capital, with the result being rounded to the closest one-thousandth part of one euro.

The maximum number of new shares to be issued thus calculated shall be rounded to obtain a whole number of shares (with the result being rounded to the next lower integer) and a ratio for the conversion of rights into shares that is also an integer (with the result being rounded to the next higher integer). In addition, and for the same purposes, the Company (or any company within its group that holds shares of the Company) shall waive the corresponding free-of-charge allocation rights as provided in section 4.2 below.

Furthermore, the gross amount per share of the Dividend in question, or if the Requirements are not met in the Second Implementation, the Fixed Purchase Price per free-of-charge allocation right will be that which results from the application of the following formula, with the result being rounded to the closest one-thousandth part of one euro:

Dividend (or, if applicable, Fixed Purchase Price) = ListPri / (Num. rights + 1)



4.2 Free-of-charge allocation rights

In each of the Increases in Capital, each outstanding share of the Company on the date of Implementation of the corresponding Increase in Capital (TNShrs.) shall grant its holder one free-of-charge allocation right.

The number of free-of-charge allocation rights required to receive one New Share in each of the Increases in Capital shall be automatically determined according to the ratio existing between the number of outstanding shares of the Company on the date of Implementation of the relevant Increase in Capital (TNShrs.) and the provisional number of New Shares, calculated by using the formula contained in Section 4.1 above. Specifically, the holders of free-of-charge allocation rights shall be entitled to receive one New Share for the number of free-of-charge allocation rights held by them, which shall be determined as provided in Section 4.1 above (Num. rights).

In the event that the number of free-of-charge allocation rights required for the allocation of one New Share (Num. rights) multiplied by the number of New Shares to be issued (NNS) results in a number that is lower than the number of outstanding shares of the Company on the date of Implementation of the corresponding Increase in Capital (TNShrs.), the Company (or any company within its group that holds shares of the Company) shall waive a number of free-of-charge allocation rights equal to the difference between both figures for the sole purpose that the number of New Shares be a whole number and not a fraction.

The free-of-charge allocation rights shall be allocated to those who are registered as being entitled thereto in the book-entry registers of IBERCLEAR on the relevant date pursuant to the securities clearing and settlement rules from time to time in effect. In this regard, the Company will waive the free-of-charge allocation rights corresponding to the shares of the Company that have been retired prior to the date of Implementation of the corresponding Increase in Capital if said shares have not yet been removed from the book-entry registers of IBERCLEAR because the corresponding public instrument formalising the implementation of the resolution on the reduction in share capital, the approval of which is submitted to the shareholders at the General Shareholders' Meeting under item 12 on the Agenda, has not yet been executed or is still pending registration.

The free-of-charge allocation rights shall be transferable upon the same terms as the shares from which they derive and may be traded on the market during such term as is established by the Board of Directors (with express power of substitution) in implementing the relevant Increase in Capital, which term shall not be less than fourteen calendar days. During such term, a sufficient number of free-of-charge allocation rights may be acquired on the market in the proportion required to receive New Shares. Notwithstanding the foregoing, the free-of-charge allocation rights acquired on the market during the trading period established for this purpose shall not give the acquiring party the right to choose to receive the corresponding Dividend (or, if applicable, to exercise the Purchase Commitment and receive the Fixed Purchase Price). Therefore, the new holders of these free-of-charge allocation rights may only monetise their investment through the sale thereof on the market during said trading period that has been activated for this purpose. Alternatively, they may choose to receive the newly-issued bonus shares to which they are entitled at the end of the aforementioned trading period.



Therefore, during the trading period for the free-of-charge allocation rights, subject to any other terms and conditions established by the Board of Directors (with express power of substitution), the holders of the free-of-charge allocation rights may choose between:

- (a) receiving their remuneration in New Shares, in which case, at the end of the period for trading the free-of-charge allocation rights, they shall be allocated the New Shares to which they are entitled pursuant to the terms and conditions of the implementation of the Increase in Capital in question;*
- (b) transferring all or part of their free-of-charge allocation rights on the market, in which case the consideration that the holders of free-of-charge allocation rights will receive for the sale thereof will depend on market conditions in general and on the listing price of said rights in particular; or*
- (c) only during the Common Election Period determined by the Board of Directors (with express power of substitution), receiving their remuneration in cash by collecting the corresponding Dividend (or, if applicable, by collecting the Fixed Purchase Price), for which purpose the shareholders shall be required to make an express election in this regard. The shareholders may choose to receive their cash remuneration with respect to all or part of their shares.*

In this case, it shall be deemed that those choosing to receive their remuneration in cash with respect to all or part of their shares expressly, automatically and irrevocably waive the free-of-charge allocation rights corresponding to said shares and the ability to transfer them on the market. To this end, the participants in IBERCLEAR will block said free-of-charge allocation rights, which may not be transferred on the market and which shall automatically expire at the end of the trading period, without the holders thereof being entitled to receive New Shares.

As mentioned above, the free-of-charge allocation rights acquired on the market during the trading period established for this purpose shall not give the acquiring parties the right to choose to receive the Dividend (nor, if applicable, the Fixed Purchase Price). Therefore, the new holders of these rights may only monetise their investment through the sale thereof on the market during said trading period that has been activated for this purpose. Alternatively, they may choose to receive the newly-issued bonus shares to which they are entitled at the end of the aforementioned trading period.

Based on their preferences and needs, the Company's shareholders may combine any of the alternatives mentioned in paragraphs (a) through (c) above. In any event, the election of one of the remuneration options automatically excludes the ability to choose either of the other two options regarding the same shares, for which reason the ability to combine options referred to above will only be possible with respect to different groups of shares.

The Company assumes no liability for the choices made by the holders of the free-of-charge allocation rights (or for a failure to choose, if an express and valid communication is not received from said holders).

It is also stated for the record that the only period authorised for the holders of free-of-charge allocation rights to communicate to the entities with which their rights are deposited their preferences regarding the remuneration options is the Common Election Period, regardless of



whether they are institutional or minority holders of rights. The Company assumes no liability for a breach of this period by the depositaries (whether due to not accepting communications during a portion of the Common Election Period or for accepting them after the passage of said period, or for any other reason), for which reason any claim in this regard must be addressed by the shareholders or holders of free-of-charge allocation rights to the depositary in question.

4.3 Balance sheet for the transaction and reserve with a charge to which the Increases in Capital are carried out

The balance sheet used as a basis for the two Increases in Capital is the one for the financial year ended 31 December 2022, duly audited and submitted to the shareholders for approval at this General Shareholders' Meeting under item 1 on the agenda.

The Increases in Capital shall be entirely carried out with a charge to the reserves contemplated in Section 303.1 of the Companies Act. When implementing each of the Increases in Capital, the Board of Directors, with express power of substitution, shall determine the reserve(s) to be used and the amount of such reserve(s) in accordance with the balance sheet used as a basis for the transaction.

4.4 Representation of the New Shares

The New Shares will be represented by book entries, the book-entry registration of which is entrusted to IBERCLEAR and its participants.

4.5 Rights attaching to the New Shares

As from the date on which the relevant Increase in Capital is declared to be subscribed and paid up, the New Shares shall grant the holders thereof the same financial, voting and like rights as the ordinary shares of the Company then outstanding.

4.6 Shares on deposit

Once the period for trading the free-of-charge allocation rights during each of the Increases in Capital has ended, the New Shares that could not be allocated for reasons not attributable to the Company shall be kept on deposit for those who provide evidence that they are the lawful holders of the corresponding free-of-charge allocation rights. Once three years have passed from the end of each of the periods for trading the free-of-charge allocation rights, the New Shares issued by virtue of the relevant Increase in Capital that are still pending allocation may be sold in accordance with the provisions of Section 117 of the Companies Act, at the expense and peril of the interested parties. The cash amount from such sale shall be deposited with Banco de España or with Caja General de Depósitos at the disposal of the interested parties.

4.7 Application for admission to trading

The Company shall make application for trading the New Shares to be issued as a consequence of each of the Increases in Capital on the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges, through the Automated Quotation System (Sistema de Interconexión Bursátil) (Continuous Market), and shall carry out such acts and formalities as are required and submit the documents needed to the appropriate bodies for admission to trading of the



New Shares issued as a result of each of the approved Increases in Capital, with an express statement for the record of the Company's submission to the rules that may now or hereafter exist with respect to Stock Exchange matters, and especially regarding trading, continued trading and removal from trading on official markets.

Any subsequent request for removal from trading of the shares of the Company shall be adopted with the same formalities as those that apply to the application for trading and, in such event, the interests of the shareholders opposing or not voting on the resolution to remove shall be safeguarded, in compliance with the requirements set out in applicable law at such time.

5. Application of the "Iberdrola Retribución Flexible" optional dividend system. Implementations

Within a period of one year from the date of approval of this resolution, the Board of Directors (with express power of substitution) may set the date on which each Implementation must be carried out and set the terms and conditions thereof as to all matters not provided for in this resolution (including, in particular, the Amount of the Option corresponding to each of the Implementations and the Supplementary Dividend).

Furthermore, it is expected that prior to 31 December 2023, the Board of Directors will determine the Interim Dividend to be paid for purposes of the Second Implementation as well as the other conditions applicable to the Interim Dividend, pursuant to the provisions of Section 277 of the Companies Act. To this end, and in accordance with the provisions of Section 161 of the Companies Act, the shareholders acting at this General Shareholders' Meeting hereby instruct the Board of Directors, if the Requirements are met, to approve the payment of the Interim Dividend and set the terms and conditions applicable to the corresponding Dividend Payment, all in order to carry out the Second Implementation.

Notwithstanding the foregoing, if the Board of Directors (with express power of substitution) does not deem it advisable to carry out one or both Implementations, in whole or in part, within the aforementioned period, it may refrain from doing so, with the duty to inform the shareholders thereof at the next General Shareholders' Meeting.

Specifically, the Board of Directors (with express power of substitution) shall analyse and take into account the market conditions, the circumstances of the Company itself or those deriving from an event that has social or financial significance for the Company, and if these or other factors make it inadvisable, in its opinion, to carry out one or both Implementations, it may refrain from doing so. In addition, the resolutions approved by the shareholders at this General Shareholders' Meeting relating to the Supplementary Dividend and to the Increases in Capital shall be deprived of any and all effect in the event that the Board of Directors (or the body acting by delegation therefrom) does not exercise the powers delegated thereto or, in the case of the Second Implementation, does not approve the payment of the Interim Dividend or honour the Purchase Commitment, within a period of one year from approval of the resolutions.

Once the period for trading the free-of-charge allocation rights corresponding to each of the Increases in Capital has ended, the following shall apply:



- (a) *The New Shares shall be allocated to those who, according to the book-entry registers maintained by IBERCLEAR and its participants, are the holders of free-of-charge allocation rights in the proportion resulting from section 4 above due to not having waived them on the terms provided above.*
- (b) *The period for trading the free-of-charge allocation rights shall be declared to have ended and the appropriation of the account(s) with a charge to which the relevant Increase in Capital will be implemented shall be formalised on the books in the respective amount, with which appropriation the Increase in Capital will be paid up.*
- (c) *The Company shall pay the Supplementary Dividend or the Interim Dividend (or, if the Requirements are not met within the framework of the Second Implementation, the Fixed Purchase Price), as applicable, to the shareholders that have expressly chosen this remuneration option within the period and subject to the terms and conditions determined for these purposes by the Board of Directors (with express power of substitution), pursuant to the provisions of section 2 above.*

Likewise, once each of the periods for trading the free-of-charge allocation rights has ended, the Board of Directors (with express power of substitution) shall adopt the resolutions required to amend the By-Laws so that they reflect the new amount of the share capital and the number of shares resulting from the implementation of the relevant Increase in Capital, and to make application for trading of the resulting New Shares on the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges, through the Automated Quotation System (Continuous Market).

6. Delegation to carry out each of the Implementations

In particular, and by way of example only, the following powers are delegated to the Board of Directors (with express power of substitution):

- (a) *To set the date on which each of the Implementations must be carried out, which shall in any case be within a period of one year from the approval of this resolution, and to determine the specific schedule for each of the Implementations.*
- (b) *As regards each of the Implementations, to set the Amount of the Option, the amount of the Supplementary Dividend (in the case of the First Implementation), the number of New Shares and the number of free-of-charge allocation rights necessary for the allocation of one New Share, applying the rules established by this resolution for such purpose.*
- (c) *To determine the reserve(s), among those contemplated in this resolution, with a charge to which each of the Increases in Capital will be implemented.*
- (d) *To designate the company or companies that will assume the duties of agent and/or financial adviser in connection with each of the Implementations, and sign all required contracts and documents for such purpose. In particular, to appoint the entity that must act as paying agent in each of the Dividend Payments.*
- (e) *To set the duration of the periods for trading the free-of-charge allocation rights corresponding to each of the Increases in Capital.*



- (f) *As regards each of the Implementations, to set the specific duration of the Common Election Period and the terms and conditions under which the shareholders may state their preferences regarding the receipt of their remuneration (in cash or in New Shares).*
- (g) *After the Common Election Period for each Implementation has ended, to determine the aggregate gross amount in euros corresponding to the Dividend Payment in question and to make payment thereof through the participants in IBERCLEAR.*
- (h) *To declare the Increases in Capital to be closed and implemented, for such purpose setting the number of New Shares actually allocated in each of them, and therefore the amount by which the Company's share capital must be increased in accordance with the rules established by the shareholders at this General Shareholders' Meeting, as well as declare, if applicable, the existence of an incomplete allocation of each of the Increases in Capital.*
- (i) *To rescind the resolution on payment of the corresponding Dividend with respect to the amounts that were not paid to those shareholders who elected (expressly or implicitly) to receive New Shares.*
- (j) *In the case of the First Implementation, to determine the aggregate total amount to be paid as a dividend with a charge to the results for the financial year ended 31 December 2022 pursuant to the provisions of item 9 on the agenda (i.e. the final amount of the Supplementary Dividend), to specify, in view of said amount, the amount of the total basis for distribution established in said item on the agenda to be allocated to remainder, and to complete the resulting proposed allocation of profits/losses and payment of the dividend for financial year 2022.*
- (k) *In the case of the First Implementation and if the Board of Directors, with express power of substitution, does not deem it appropriate to implement the First Implementation, in whole or in part, during said period, to determine the aggregate total amount that has been paid as a dividend with a charge to the results for the financial year ended 31 December 2022 (which shall be equal to the total amount paid on account of the dividend for said financial year), to specify the amount of the total basis for distribution established in said item on the agenda to be allocated to remainder, and to complete the resulting proposed allocation of profits/losses and payment of the dividend for financial year 2022.*
- (l) *To amend the article of the By-Laws setting the share capital such that it reflects the amount of share capital and the number of outstanding shares resulting from the implementation of the relevant Increase in Capital.*
- (m) *To waive, if appropriate, and in each of the Increases in Capital, free-of-charge allocation rights to subscribe New Shares for the sole purpose of facilitating that the number of New Shares be a whole number and not a fraction, as well as any free-of-charge allocation rights allocated to shares of the Company that have been retired prior to the date of implementation of the corresponding Increase in Capital if said shares have not yet been removed from the book-entry registers of IBERCLEAR because the corresponding public instrument formalising the implementation of the resolution approving the reduction in share capital, the approval of which is submitted to the shareholders at the General Shareholders' Meeting under item 12 on the agenda, has not yet been executed or is still pending registration.*
- (n) *If the Purchase Commitment must be honoured within the framework of the Second Implementation due to the Requirements for the payment of the Interim Dividend not having been met, to determine the acquisition by the Company of the corresponding free-of-charge allocation rights, set the period of time during which the Purchase Commitment will be in effect*



(within the limits established in the resolutions), honour the Purchase Commitment by paying the corresponding amounts to the shareholders who have accepted said commitment, waive the free-of-charge allocation rights owned by the Company at the end of the trading period of the Second Implementation as a result of the Purchase Commitment, and thus the New Shares corresponding to such rights, and take any other measures or actions needed to fully honour the Purchase Commitment.

- (o) To take all steps required for the New Shares to be included in the book-entry registers of IBERCLEAR and admitted to trading on the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges through the Automated Quotation System (Continuous Market) after each of the Increases in Capital.*
- (p) To take any actions that are necessary or appropriate to implement and formalise each of the Increases in Capital before any Spanish or foreign public or private entities or agencies, including acts for purposes of representation, supplementation, or correction of defects or omissions that might prevent or hinder the full effectiveness of the foregoing resolutions.*
- (q) To approve and implement such technical or other mechanisms as IBERCLEAR and the IBERCLEAR participants may deem necessary or appropriate in order to make any corresponding payment on account.*

7. Sample calculation relating to the First Implementation

Set out below, solely for purposes of facilitating an understanding of the application hereof, is a sample calculation, in the case of the First Implementation, of the maximum number of new shares to be issued in the increase in share capital submitted for the approval of the shareholders at the General Shareholders' Meeting under item 10 on the agenda, of the maximum nominal value of such increase, of the number of free-of-charge allocation rights required for the allocation of one new share and of the Dividend (which in this First Implementation would be the Supplementary Dividend).

The results of these calculations are not representative of those that might be obtained, which, in the case of the First Implementation, will depend on the different variables used in the formulas (basically, the listing price of the Company's shares at that time (ListPri) and the Amount of the Option, as determined by the Board of Directors (with express power of substitution) in exercise of the power delegated by the shareholders at the General Shareholders' Meeting).

Solely for the purposes of this example:

- *The Amount of the Option is €2,026 million.*
- *The TNShrs. is 6,240,000,000³.*
- *A ListPri of €10,710 is assumed (solely for the purposes of this example, the listing price of the Company's shares at the closing of the trading session of 8 March 2023 has been used as a reference).*

³ *For purposes of this example, it is assumed that this would be the total number of shares of the Company outstanding after the implementation of the reduction in share capital provided for in the resolution corresponding to item 12 on the agenda if it is implemented in the total maximum amount thereof (i.e. 6,240,000,000 outstanding shares of the Company).*



Therefore:

<i>Provisional number of shares = Amount of the Option / ListPri</i>	$2,026,000,000 / 10.710 = 189,169,000.933707 \approx 189,169,000$ shares <i>(rounded downwards)</i>
<i>Num. rights = TNShrs. / Provisional number of shares</i>	$6,240,000,000 / 189,169,000 = 32.9863772605448000 \approx 33$ rights <i>(rounded upwards)</i>
<i>NNS = TNShrs. / Num. rights</i>	$6,240,000,000 / 33 = 189,090,909.090909 \approx 189,090,909$ shares <i>(rounded downwards)</i>
<i>Dividend = ListPri / (Num. rights + 1)</i>	$10.710 / (33 + 1) = 0.315$ euro

Therefore:

- (i) *The maximum number of shares to be issued in the First Implementation would be 189,090,909.*
- (ii) *The maximum nominal amount of the increase in share capital submitted for approval of the shareholders at the General Shareholders' Meeting under item 10 on the agenda would be €141,818,181.75 (189,090,909 x 0.75).*
- (iii) *33 free-of-charge allocation rights (or old shares) would be necessary for the allocation of one new share⁴.*
- (iv) *In this example, the Supplementary Dividend would be equal to €0.315 (gross) per share."*

In Bilbao, on 14 March 2023.

⁴ *In this example, the Company (or a company of its group that holds shares of the Company) would be required to waive 3 free-of-charge allocation rights.*



GENERAL SHAREHOLDERS' MEETING

28 April 2023

**SUSTAINABLE
EVENT**



Report of the Board of Directors
Proposed reduction in capital



REPORT PREPARED BY THE BOARD OF DIRECTORS OF “IBERDROLA, S.A.” REGARDING THE PROPOSED REDUCTION IN SHARE CAPITAL BY MEANS OF THE RETIREMENT OF OWN SHARES INCLUDED IN ITEM 12 ON THE AGENDA FOR THE GENERAL SHAREHOLDERS’ MEETING

1. Object of the report

This report has been prepared by the Board of Directors of “Iberdrola, S.A.” (the “**Company**”) pursuant to the provisions of Sections 286 and 318 of the *Companies Act (Ley de Sociedades de Capital)*, in order to provide a rationale for the proposed reduction in share capital by means of the retirement of own shares (the “**Reduction in Capital**”) being submitted for the approval of the shareholders at the General Shareholders’ Meeting under item 12 on the agenda.

Pursuant to such provisions of the *Companies Act*, to the extent that the Reduction in Capital entails the amendment of Article 10 of the *By-Laws* setting the share capital, the Board of Directors has prepared this report, which includes the purpose of and rationale for the proposal being submitted to the shareholders at the General Shareholders’ Meeting.

2. Purpose of and rationale for the proposal

Pursuant to the provisions of the *Shareholder Remuneration Policy*, the Company maintains a strategy for growth in such remuneration in line with the increase in results, with a pay-out of between 65% and 75% of net profits attributed to the Company, as the controlling company, in its consolidated annual financial statements, which since 2018 has been implemented through the “Iberdrola Retribución Flexible” optional dividend system, and which consists of the implementation of two increases in capital by means of scrip issues, combined with the ability of the shareholders to decide to receive all or part of their remuneration in cash, choosing in this case to receive a dividend instead of receiving shares.

The issue of new shares as a result of said increases in capital by means of scrip issues is offset with reductions in share capital –like the one now proposed and like those that the Company has implemented each year since 2013–, which are intended to maintain the number of outstanding shares of the Company at approximately 6,240 million.

This avoids the dilution of interests in the share capital and contributes to maintaining the earnings per share of the Company, all of which benefits the shareholders.

Therefore, the Board of Directors has resolved to propose to the shareholders at the General Shareholders’ Meeting a reduction in share capital that offsets the effects of the increases in share capital by means of scrip issues approved by the shareholders at the General Shareholders’ Meeting held on second call on 17 June 2022 under items number 11 and 12 on the agenda¹ and which were implemented in the months of July 2022 and January 2023, respectively. If the Reduction in Capital

¹ And under the section entitled “Common terms and conditions of the dividend payment and increase in capital resolutions proposed under items 10, 11 and 12 on the agenda, by virtue of which the “Iberdrola Retribución Flexible” optional dividend system is implemented”.



is ultimately approved, the total number of shares that the Company will retire will be a maximum of 206,364,000 own shares, each with a nominal value of €0.75, representing not more than 3.201% of the Company's share capital (the "**Maximum Limit**"), so that the number of outstanding shares is set at the target amount of 6,240 million.

3. Main terms and conditions of the Reduction in Capital

It is proposed to reduce the Company's share capital by a maximum of €154,773,000.00 through the retirement of a maximum of 206,364,000 own shares, each with a nominal value of €0.75, representing not more than 3.201% of the share capital at the time of approval of the corresponding resolution by the shareholders at the General Shareholders' Meeting (the "**Reduction in Capital**").

The Reduction in Capital shall be implemented by means of:

- (a) The acquisition of shares for their retirement through:
 - (i) *the implementation of a programme for the buy-back of own shares, targeted at all the shareholders, approved by the Board of Directors at its meeting held on 14 March 2023² (the "**Buy-back Programme**"), which will be launched following the call to the General Shareholders' Meeting; and*
 - (ii) the settlement of certain derivatives acquired by the Company prior to the date on which the Board of Directors (or the body acting by delegation therefrom) launches the Buy-back Programme (the "**Settlement of Derivatives**").
- (b) The retirement of own shares held in treasury following the close of the trading session on the day prior to the date on which the Board of Directors (or the body acting by delegation therefrom) launches the Buy-back Programme.

In this regard, in order to observe the Maximum Limit in any case, an overall limitation would apply to the maximum number of shares to be retired that have been acquired in implementation of the Buy-back Programme and pursuant to the Settlement of Derivatives (the "**Overall Limit**").

If the shares acquired in implementation of the Buy-back Programme and pursuant to the Settlement of Derivatives exceeds the Overall Limit, all of the own shares acquired in implementation of the Buy-back Programme would first be retired. On the other hand, a number equal to the difference between the Overall Limit and the shares actually acquired in implementation of the Buy-back Programme would be retired from the own shares acquired pursuant to the Settlement of Derivatives. In this way, the remainder of any own shares acquired as a result of the Settlement of Derivatives would not be subject to retirement on occasion of the Reduction in Capital and would remain in treasury, always within the limits provided by applicable law.

² Pursuant to: (i) Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse and Commission Delegated Regulation (EU) No 2016/1052 of 8 March 2016 supplementing Regulation (EU) No 596/2014 of the European Parliament and of the Council with regard to regulatory technical standards for the conditions applicable to buy-back programmes and stabilisation measures; and (ii) the authorisation granted by the shareholders at the General Shareholders' Meeting held on second call on 17 June 2022 under item 19 on the agenda.



The Company shall communicate both the approval and the launch of the Buy-back Programme to the market by issuing the corresponding notices of other relevant information, which shall be published on the corporate website (www.iberdrola.com) and on the website of the National Securities Market Commission (*Comisión Nacional del Mercado de Valores*) (CNMV) (www.cnmv.es).

In the event of approval of the resolution regarding the Reduction in Capital that is the object of this report, the Board of Directors (with express power of substitution): (a) would set the terms and conditions and the final amount of the Reduction in Capital; and (b) would amend Article 10 of the *By-Laws* setting the share capital such that it reflects the new amount of share capital and the new number of outstanding shares (after deducting the number of own shares proposed to be retired).

The Reduction in Capital would not entail a return of contributions to the shareholders because the Company itself is the holder of the retired shares, and it would be carried out with a charge to unrestricted reserves by funding a retired capital reserve in an amount equal to the nominal value of the retired shares; such reserve could only be used by complying with the same requirements as those applicable to a reduction in share capital, as provided by Section 335 c) of the *Companies Act*.

Therefore, in order to make the implementation more simple and in accordance with the provisions of such provision, creditors of the Company would not be entitled to assert the right of objection established in Section 334 of the *Companies Act* in connection with the Reduction in Capital.

It is also proposed that the shareholders at the General Shareholders' Meeting ratify the acts performed to date by the Board of Directors in connection with the Buy-back Programme approved on 14 March 2023 and that they authorise the Board of Directors to implement the Reduction in Capital resolution (with express power of substitution pursuant to the provisions of Section 249 *bis.1* of the *Companies Act*) within a period not to exceed one month following the expiration of the Buy-back Programme, with authority to establish any terms that are not expressly set forth in the resolution approving the Reduction in Capital or that are a consequence thereof and to approve the resolutions, publish the announcements, take the steps, and execute the public or private documents that may be required or appropriate for the successful implementation of the Reduction in Capital.

Specifically, it is proposed to authorise the Board of Directors, with express powers of substitution, to adopt the corresponding resolutions amending the *By-Laws* in order to reflect the new amount of share capital and the number of shares resulting from the Reduction in Capital, as well as to take the steps and carry out the formalities required to cause the exclusion from trading of the retired shares from the Spanish Stock Exchanges and the removal thereof from the book-entry registers once the resolution regarding the Reduction in Capital has been implemented.

4. Proposed resolution submitted to the shareholders at the General Shareholders' Meeting

The proposed resolution relating to the reduction in share capital submitted to the shareholders for approval at the General Shareholders' Meeting reads as follows:



“ITEM 12 ON THE AGENDA

Reduction in capital by means of the retirement of a maximum of 206,364,000 own shares (3.201% of the share capital)

RESOLUTION

1. Reduction in share capital by means of the retirement of own shares

To reduce the share capital of “Iberdrola, S.A.” (the “**Company**”) by a maximum of €154,773,000.00 through the retirement of a maximum of 206,364,000 own shares, each with a nominal value of €0.75, representing not more than 3.201% of the share capital at the time of approval of the corresponding resolution by the shareholders at the General Shareholders' Meeting (the “**Reduction in Capital**”).

The Reduction in Capital shall be implemented by means of:

- a) The acquisition of shares for their retirement through:
 - (i) the implementation of a programme for the buy-back of own shares, targeted at all the shareholders, approved by the Board of Directors at its meeting held on 14 March 2023³ (the “**Buy-back Programme**”), which will be launched following the call to the General Shareholders' Meeting; and
 - (ii) the settlement of certain derivatives acquired by the Company prior to the date on which the Board of Directors (or the body acting by delegation therefrom) launches the Buy-back Programme (the “**Settlement of Derivatives**”).
- b) The retirement of own shares held in treasury following the close of the trading session on the day prior to the date on which the Board of Directors (or the body acting by delegation therefrom) launches the Buy-back Programme (the “**Treasury Shares**”).

The Company shall communicate both the approval and the launch of the Buy-back Programme to the market by issuing the corresponding notices of other relevant information, which shall be published on the corporate website (www.iberdrola.com) and on the website of the National Securities Market Commission (Comisión Nacional del Mercado de Valores) (CNMV) (www.cnmv.es).

The terms and conditions of the Buy-back Programme (including the setting of the maximum number of shares to be acquired within the framework thereof and its effective period), the maximum potential amount of the Settlement of Derivatives, and the final figures for the Treasury Shares and the Reduction in Capital shall be set by the Company's Board of Directors (with express power of substitution).

Once the Board of Directors (or the body acting by delegation therefrom) has determined the final amount of the Reduction in Capital, Article 10 of the By-Laws setting the share capital would be

³ Pursuant to: (i) Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse and Commission Delegated Regulation (EU) No 2016/1052 of 8 March 2016 supplementing Regulation (EU) No 596/2014 of the European Parliament and of the Council with regard to regulatory technical standards for the conditions applicable to buy-back programmes and stabilisation measures (the “**Regulations**”); and (ii) the authorisation granted by the shareholders at the General Shareholders' Meeting held on second call on 17 June 2022 under item 19 on the agenda.



amended such that it reflects the new amount of share capital and the new number of outstanding shares.

2. Procedure for acquisition of the shares that will be retired

The total number of shares that the Company will be able to retire will be the result of adding: (a) the shares acquired through the Buy-back Programme and the Settlement of Derivatives; and (b) the Treasury Shares. This number will be a maximum of 206,364,000 own shares, each with a nominal value of €0.75, representing not more than 3.201% of the Company's share capital (the "**Maximum Limit**").

As provided in the resolution of the Board of Directors approved at its meeting held on 14 March 2023, own shares shall be acquired within the framework of the Buy-back Programme subject to the terms as to price and volume established in the Regulations.

In order to observe the Maximum Limit in any case, an overall limitation would apply to the maximum number of shares to be retired that have been acquired in implementation of the Buy-back Programme and pursuant to the Settlement of Derivatives (the "**Overall Limit**").

If the shares acquired in implementation of the Buy-back Programme and pursuant to the Settlement of Derivatives exceeds the Overall Limit, all of the own shares acquired in implementation of the Buy-back Programme would first be retired. On the other hand, a number equal to the difference between the Overall Limit and the shares actually acquired in implementation of the Buy-back Programme would be retired from the own shares acquired pursuant to the Settlement of Derivatives. In this way, the remainder of any own shares acquired as a result of the Settlement of Derivatives would not be subject to retirement on occasion of the Reduction in Capital and would remain in treasury, always within the limits provided by applicable law.

Furthermore, pursuant to Section 340.3 of the Companies Act, if the Company does not acquire the maximum number of 206,364,000 own shares (taking into account Treasury Shares and shares acquired through the Buy-back Programme and the Settlement of Derivatives), the share capital shall be understood to be reduced by the sum of:

- i. the Treasury Shares; plus
- ii. the amount corresponding to the sum of the shares effectively acquired under the Buy-back Programme and the Settlement of Derivatives.

In contrast, in the event that: (a) the number of shares acquired under the Buy-back Programme and the Settlement of Derivatives added to (b) the Treasury Shares (together, the "**Shares Subject to Retirement**") exceeds the maximum number of own shares covered by the Reduction in Capital (206,364,000 shares), the difference between the number of Shares Subject to Retirement and the 206,364,000 shares covered by the Reduction in Capital shall not be retired.

3. Procedure for the reduction and reserves with a charge to which it is carried out

Pursuant to the provisions of Section 342 of the Companies Act, the Reduction in Capital must be implemented within one month following the expiration of the Buy-back Programme.



The Reduction in Capital does not entail a return of contributions to the shareholders because the Company itself is the holder of the shares being retired, and it shall be carried out with a charge to unrestricted reserves by funding a retired capital reserve in an amount equal to the nominal value of the retired shares; such reserve may only be used by complying with the same requirements as those applicable to a reduction in share capital, as provided by Section 335 c) of the Companies Act.

Therefore, in accordance with the provisions of such section, creditors of the Company will not be entitled to assert the right of objection contemplated by Section 334 of the Companies Act in connection with the Reduction in Capital.

4. Ratification of the resolutions of the Board of Directors

To ratify both the resolutions of the Board of Directors regarding the approval of the Buy-back Programme as well as the actions, statements and formalities regarding the public communication of the Buy-back Programme to date.

5. Delegation of powers

To delegate to the Board of Directors, with express power of substitution, the powers necessary to implement this resolution within a period not to exceed one month following the expiration of the Buy-back Programme, with authority to establish any terms that are not expressly set forth in this resolution or that are a consequence hereof. In particular, and by way of example only, the following powers are delegated to the Board of Directors, with express power of substitution:

- (a) To perform any acts, make any statements or take any steps that may be required in connection with the public communication of the Buy-back Programme and with the formalities, if any, that must be carried out at Spanish regulatory agencies and Stock Exchanges; and negotiate, agree to and sign all contracts, agreements, commitments or instructions that may be necessary or appropriate for the successful completion of the Buy-back Programme.*
- (b) To cause all announcements required by law to be published, acquire the shares under the Buy-back Programme and retire them within one month following the expiration of the Buy-back Programme, in accordance with the terms approved herein.*
- (c) To declare the approved Reduction in Capital to be completed and implemented, establishing, for such purpose, the final number of shares that must be retired and, as a result, the amount by which the share capital of the Company must be reduced in accordance with the terms established in this resolution.*
- (d) To set the final amount of the Reduction in Capital based on the provisions of this resolution and establish any other terms that may be required to implement it, including, without limitation, the setting of the unrestricted reserves account that will be used to fund the retired capital reserve, all in accordance with the terms and conditions set forth above.*
- (e) To amend Article 10 of the By-Laws setting the share capital such that it reflects the amount of share capital and the number of outstanding shares resulting from the implementation of the Reduction in Capital.*
- (f) To take such steps and carry out such formalities as may be required and submit such documents as may be necessary to the competent bodies such that, once the shares of the Company have been retired and the notarial instrument for the Reduction in Capital has been*



executed and registered with the Commercial Registry, the retired shares are delisted from the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges, through the Automated Quotation System (Continuous Market), and they are removed from the corresponding book-entry registers of "Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A." (Sociedad Unipersonal) (IBERCLEAR).

- (g) *To perform all acts that may be necessary or appropriate to implement and formalise the Reduction in Capital before any Spanish or foreign public or private entities and agencies, including acts for purposes of representation, supplementation or correction of defects or omissions that might prevent or hinder the full effectiveness of the foregoing resolutions.*

Pursuant to the provisions of Section 249 bis.1) of the Companies Act, to expressly authorise the Board of Directors to further delegate the powers referred to in this resolution."

In Bilbao, on 14 March 2023.



GENERAL SHAREHOLDERS' MEETING

28 April 2023

**SUSTAINABLE
EVENT**



Report of the Board of Directors
Ratification of appointment and re-election
of directors



MASTER REPORT OF THE BOARD OF DIRECTORS OF “IBERDROLA, S.A.” REGARDING THE PROPOSED RATIFICATION OF THE APPOINTMENT AND RE-ELECTION OF DIRECTORS INCLUDED IN ITEMS 15 TO 20 ON THE AGENDA FOR THE GENERAL SHAREHOLDERS' MEETING

1. Object of the report

This explanatory report has been prepared by the Board of Directors of “Iberdrola, S.A.” (the “**Company**”) in accordance with the provisions of Section 529 *decies* of the *Companies Act (Ley de Sociedades de Capital)* in relation to the following proposals being submitted to the shareholders at the General Shareholders' Meeting:

- the re-election of Ms María Helena Antolín Raybaud as a director under the category of other external director (item 15 on the agenda for the General Shareholders' Meeting);
- the ratification of the appointment on an interim basis (co-option) and re-election of Mr Armando Martínez Martínez as a director under the category of executive director (item 16 on the agenda for the General Shareholders' Meeting);
- the re-election of Mr Manuel Moreu Munaiz as a director under the category of independent director (item 17 on the agenda for the General Shareholders' Meeting);
- the re-election of Ms Sara de la Rica Goiricelaya as a director under the category of independent director (item 18 on the agenda for the General Shareholders' Meeting);
- the re-election of Mr Xabier Sagredo Ormaza as a director under the category of independent director (item 19 on the agenda for the General Shareholders' Meeting); and
- the re-election of Mr José Ignacio Sánchez Galán as a director under the category of executive director (item 20 on the agenda for the General Shareholders' Meeting).

With regard to the proposals regarding the re-election of Mr Manuel Moreu Munaiz, Ms Sara de la Rica Goiricelaya and Mr Xabier Sagredo Ormaza as independent directors of the Company, the Board of Directors has taken into account the conclusions contained in the corresponding proposals from the Appointments Committee dated 9 March 2023, which are attached as annexes to this report, which concludes by proposing the re-election of the three candidates.

The Board of Directors also agrees with the conclusions of the favourable reports issued by the Appointments Committee on 9 March 2023, which are attached as annexes to this document, regarding the re-election of Ms María Helena Antolín Raybaud with the classification of “other external” director and of Mr José Ignacio Sánchez Galán as an executive director, as well as regarding the ratification of the appointment on an interim basis (co-option) of Mr Armando Martínez Martínez and his re-election as an executive director.

The aforementioned proposals and reports from the Appointments Committee contain the information required by Article 14.2.d) of the *Regulations for the General Shareholders' Meeting* regarding each of the candidates and fall within the selection criteria, particularly skills, knowledge and experience, defined by the aforementioned committee, which also examines the



appropriateness of each re-election prior to the end of the term for which a director was appointed and, if relevant, evaluates the quality of their work and dedication to the position during the preceding term of office.

Furthermore, as regards the proposed re-election of Mr José Ignacio Sánchez Galán, the Appointments Committee resolved to request a report from “PricewaterhouseCoopers Asesores de Negocio, S.L.” (“**PwC Asesores**”) to analyse his potential re-election as a director. The Board of Directors concurs with the conclusions contained in the aforementioned report prepared by PwC Asesores, which are reproduced in summarised form later in this document, and which highlight the track record of Mr Sánchez Galán, supported by the market and the shareholders, and the strong performance of the Company during his last term of office starting in 2019, as well as his critical skills to confront the forthcoming strategic challenges stemming from the Company’s current environment.

Therefore, with the advice of the Appointments Committee, the Board of Directors finds that the process of re-election of the candidates does not suffer from implicit bias that might entail any kind of discrimination.

In addition, the proposals submitted to the shareholders at the General Shareholders’ Meeting, considered as a whole, strengthen the high level of independence of the management decision-making body as well as the diversity of skills, knowledge, experience, origin, nationality, age and gender in accordance with the Sustainable Development Goals (SDGs) approved by the United Nations (UN), particularly goal five relating to the empowerment of women, which enables the Board of Directors to better perform the duties entrusted thereto. In particular, the proposals would maintain the presence of directors with six nationalities and, in terms of gender diversity, the balanced presence of women and men (50/50 distribution of external directors of each gender and no gender with a representation of less than 42.86% of the total number of members of the Board of Directors). In addition, the percentage of women in the governing body would remain at 42.86%.

Furthermore, the Board of Directors would be composed of fourteen directors, two of whom would be classified as executive (14.29% of the total number of directors), ten of whom would be classified as independent (71.43% of the total) and two of whom would be classified as other external (14.29% of the total), with a large majority of external directors (85.71% would be external (non-executive) directors, as opposed to 14.29% who would be classified as executive directors).

2. Governance model, checks and balances and separation of executive duties within the Company

The Company is the controlling entity of a multinational group that is diversified and efficiently organised and coordinated for the best development of the corporate object and the achievement of the corporate interest (the “**Group**”).

The *By-Laws* of the Company define the corporate and governance structure of the Group, which is further developed in the *Policy for the Definition and Coordination of the Iberdrola Group and Foundations of Corporate Organisation* approved by the Board of Directors, and which is integrated into the Company’s Governance and Sustainability System and into the governance and sustainability systems of the other companies of the Group.

This corporate and governance structure is inspired by: (i) the principle of “subsidiarity”, which pursues a balance between decentralised management of the companies of the Group and the exploitation of synergies arising from belonging to the Group; and (ii) respect for the corporate autonomy of the companies that comprise it, which must do business in accordance with the highest



ethical standards and in compliance with the good governance recommendations generally recognised in international markets, adjusted to their needs and particularities.

The corporate structure comprises “Iberdrola, S.A.”, which is configured as a listed holding entity, the main function of which is to act as the owner of the equity interests of the country subholding companies, which in turn group together the equity stakes in the head of business companies. Based on this corporate organisation, the governance structure is governed by principles that differentiate the duties of strategic definition and supervision belonging to the Company, on the one hand, and those of day-to-day administration and effective management attributed to the head of business companies, with the country subholding companies being responsible for strengthening the function of strategic supervision, organisation and coordination in relation to the territories, countries or businesses decided by the Company’s Board of Directors.

Each of these companies has its own legal personality, assets and governing bodies and is organised through its respective board of directors, which appoints the corresponding chief executive officers and assigns them the duties to be performed, and through its management decision-making bodies, and it may also have audit committees, internal audit areas and compliance divisions or units.

This corporate and governance structure, which is intended to foster an agile and autonomous decision-making process by the companies of the Group, operates jointly with the Business Model, which allows the global integration of the businesses, seeks to achieve maximum operational efficiency of the various units, and ensures the dissemination, implementation and monitoring of the overall strategy, the basic management guidelines established for each of the businesses, and best practices.

This Business Model combines a decentralised decision-making structure, inspired by the principle of subsidiarity, with robust coordination mechanisms that ensure the global integration of the businesses carried out by the companies making up the Group, all based on a system of checks and balances that prevents management power from being concentrated within a single governance body or a single person.

The composition of the Board of Directors, the configuration of its positions, the existence of consultative committees, together with the corporate and governance structure and the Business Model described above articulate a system of checks and balances ensuring that none of the executive chairman, the chief executive officer or the Executive Committee has a decision-making power that is not subject to appropriate controls and balances, ensuring that they are under the effective supervision of the Board of Directors, which will adopt the measures required in this regard.

As stated, this system of checks and balances is based, in particular:

- (i) On the composition of the Board of Directors, which is a benchmark in terms of independence, refreshment and diversity, the result of a pioneering transformation process initiated almost two decades ago.

As guaranteed in the *By-Laws*, it has a large majority of independent directors, which has been strengthened over the last ten years, positioning the Company at the forefront of this area. In 2003, the Company had 48% independent directors, in 2012, this figure increased to 65%, and the board is currently composed of a considerable majority of independent directors, 10 of its 14 members, representing 71% of the total number of directors, which is above the average of 55% for Ibex 35 companies.



As a result of the process of continuous refreshment that started almost 20 years ago, 57% of the directors have served for less than five years, compared to 53% on average for Ibex 35 companies.

Furthermore, the Board of Directors is today a leader in the diversity of its members in terms of origin, gender, knowledge, skills and experience. It has members of six nationalities (from Spain, Italy, Brazil, France, the United States of America and Great Britain), in line with the international scope of the Group and as a result of a process of internationalisation that began in 2009 with the appointment of a British director, with 29% of the directors currently being of international origin compared to the 23% average at Ibex 35 companies.

Since the first appointment of a woman to the Board of Directors in 2006, the Company has continued to make progress in a renewal process committed to gender equality that has led to the current balanced presence of women and men, which is reflected in the fact that each gender represents 50% of the total number of external directors and none of them has a representation of less than 42.86% of the total number of members of the management decision-making body, with the percentage of women (42.86%) also exceeding the figure set out in the recommendation of the *Good Governance Code of Listed Companies* and in *Directive (EU) 2022/2381 of the European Parliament and of the Council of 23 November 2022 on improving the gender balance among directors of listed companies and related measures*, as well as the average of Ibex 35 companies (37%).

In terms of the diversity of knowledge and skills of members of the Board of Directors, 71% of board members have a business or economics and finance background, 43% have a legal background, 29% have an engineering background and 14% have a humanities background.

For the proper performance of the duties of a director, the Company provides all directors with the necessary information and promotes access by all directors to extensive training materials and sessions that allow for the continuous updating and reinforcement of their knowledge and skills and which respond to the need for professionalisation, diversification and qualification of the members of the management decision-making body.

- (ii) On the configuration of positions within the Company's governance body:
- a) With a lead independent director as a counterweight, who has been assigned enhanced duties that go beyond what is provided by law and are in line with the recommendations of the *Good Governance Code of Listed Companies* and with best practices in this area (i.e. chairing the meetings of the Board of Directors in the absence of the chair and vice-chairs; participating with the chair in planning the annual calendar of meetings of this corporate decision-making body and in preparing the agenda for each meeting; reflecting the concerns of the non-executive directors; maintaining contacts with shareholders and proxy advisors, and leading any process of succession of the chair of the Board of Directors; in addition to the duties assigned thereto by law).

The role of the lead independent director is also reinforced by serving at the same time as the first vice-chair of the aforementioned governance body, the chairman of the Remuneration Committee of the Company and a member of the Executive Committee.



- b) With the existence of two non-executive vice-chairs, both qualified as independent, which strengthens the Company's checks-and-balances mechanisms and prevents any possible risk of a temporary power vacuum within the Board of Directors.
- c) As from 25 October 2022, with the separation of the positions of chairman and chief executive officer within the Company.

Until that time, the holding of both positions by Mr José Ignacio Sánchez Galán resulted in excellent economic and financial performance and enabled the Company to cement a business model capable of generating sustainable value for its shareholders, as reflected in the key financial and non-financial indicators.

Following the separation of the aforementioned positions, the chairman of the Board of Directors assumes all duties not expressly assigned to the chief executive officer and those areas, divisions and positions that do not report thereto or to other specific bodies report to the chair.

As regards duties relating to the structuring of the activity by business, the chief executive officer is responsible for coordinating the businesses of the companies of the Group as the person with overall responsibility for all of them (without prejudice to the powers of supervision of the country subholding companies and those of day-to-day administration and effective management of the head of business companies), and the directors of the businesses report directly thereto. Due to the structuring of business activities by geographic area, the chief executive officers of country subholding companies, among others, who report hierarchically to their boards of directors, are subordinate to the chief executive officer, and, in the case of listed country subholding companies, with full respect for the special framework of enhanced autonomy given thereto by the Governance and Sustainability System.

The chief executive officer also reinforces and facilitates the exercise of the powers vested in the chairman of the Board of Directors, to whom the chief executive officer reports. The chief executive officer reports to the executive chairman for this purpose.

The chief executive officer also reports to the Board of Directors and regularly submits the management report thereto, presenting any proposed decisions regarding the matters within their purview.

- (iii) On the consultative committees of the Board of Directors, made up of a majority of independent directors and chaired by directors from that category, with the Audit and Risk Supervision Committee and the Sustainable Development Committee made up entirely of directors classified as independent directors.
- (iv) On the corporate and governance structure of the Group, designed such that management power is not centralised within a single governance body or a single person, with the existence of executive checks and balances through the figures of the chief executive officers of the country subholding and head of business companies.

The Board of Directors believes that this system of effective checks and balances, defined and described in the Company's Governance and Sustainability System in the context of the aforementioned corporate and governance structure, effectively differentiates the supervisory and



management functions and ensures the cohesion of strategic coordination and organisation at the Group level with the effective coordination of the businesses of the Group's companies, in all territories and countries in which they operate, with the Company's Board of Directors maintaining responsibility for approving strategic objectives at the Group level, the definition of its organisational model, and the supervision of compliance therewith and the development thereof.

With the separation of the positions of chair and chief executive officer within the Company, together with the retention of the management team, there is a continuation of a path of success and excellence that the Board of Directors believes is the most appropriate to ensure that the 2023-2025 Strategic Plan is achieved, taking into account factors including the following: (i) the size achieved by the Company with the leadership of Mr José Ignacio Sánchez Galán; (ii) the considerable current uncertainty in the energy sector as a result of various macroeconomic risks in the short and medium term; (iii) the current strategy of the Group, which recently began implementing a new strategic plan; and (iv) the complex international political and economic environment affecting the territories and countries in which the companies of the Group operate. Moreover, the continuity of the current management team, which has demonstrated its resiliency, excellent track record and that its skills are suited to the future context and environment, would provide security to the Company's shareholders, reducing potential risks associated with a change of leadership.

This, together with the in-depth knowledge of the Group and the businesses carried out by the companies that comprise it, the global vision of the Company's strategy, and the extensive professional experience of the people who perform the highest executive duties within the Company, guarantees the successful development of the business enterprise at the Group level, which transcends financial aspects and is capable of generating sustainable value for all its Stakeholders.

All of the foregoing is backed by external recognition of the Company's good governance, which shows that the Company has the most advanced corporate governance practices, particularly in the areas of transparency, appointment of directors, remuneration, risk supervision and control of conflicts of interest.

The Board of Directors and its committees are subject to an annual external evaluation to confirm the proper operation thereof and their alignment with the highest corporate governance standards. This has led to an average rate of 99% compliance with the indicators evaluated over the last four years (400 indicators).

This evaluation exercise is supported by the various corporate governance awards given to the Company and by the achievement in 2022 of one of the highest ratings in the ISS QualityScore, ISS ESG Corporate Rating and Dow Jones Sustainability Index indices.

The effectiveness of the governance model has also been supported by the Company's shareholders, who have approved the management of the Board of Directors by an overwhelming majority at the last four general meetings, with average voting support exceeding 98% in favour, within a context of high participation, and a high level of attendance with an average of 72% of the share capital attending the general meetings held from 2019 to 2022 (which is significant taking into account the proportion of minority shareholders of the Company). This engagement of the shareholders in the life of the Company is the result of the two-way interaction that the Company encourages with the holders of its shares as a measure of transparency and to ensure the proper functioning of the General Shareholders' Meeting, among other things. In 2015 the Company was the first Spanish company, and one of the first worldwide, to approve a shareholder engagement policy in order to reinforce the role of its shareholders as a key element of its corporate governance,



fostering their effective engagement to ensure the alignment of their interests with those of the Company.

3. Competence, experience and merits of Ms María Helena Antolín Raybaud, whose re-election as a director is submitted to the shareholders at the General Shareholders' Meeting

The competence, experience and merits of Ms María Helena Antolín Raybaud, whose re-election as a director is submitted to the shareholders at the General Shareholders' Meeting, are described in detail in the report of the Appointments Committee attached to this document.

Based on the information set out in the aforementioned report of the Appointments Committee, the Board of Directors has been able to verify that the candidate continues to have the competence, experience and merits required to hold the position of director.

Specifically, the Board of Directors has very favourably assessed the candidate's extensive experience and professional background at the Antolín group, and particularly her knowledge of domestic and international business management and in the energy sector.

She also has in-depth and well-versed knowledge of the Group and of the businesses run by the companies thereof, particularly developed during her terms of office as a director of "Iberdrola Renovables, S.A." and of the Company and as a member of some of the committees of the boards of directors of companies of the Group, which positions Ms Antolín Raybaud as a suitable candidate to continue holding the position of director of the Company and will enable her to continue to contribute very positively to the operation of this corporate decision-making body.

The Board of Directors has also taken into account the good results obtained by Ms María Helena Antolín Raybaud in the regular evaluations of the candidate's performance as a director of the Company.

The candidate has been proposed based on the personal and professional qualities thereof. Ms Antolín Raybaud will continue to belong to the category of other external director as a period of more than twelve years has passed since her first appointment as a director of the Company.

4. Competence, experience and merits of Mr Armando Martínez Martínez, the ratification of whose interim appointment (co-option) and re-election as a director are submitted to the shareholders at the General Shareholders' Meeting

A detailed description of the competence, experience and merits of Mr Armando Martínez Martínez, the ratification of whose interim appointment (co-option) and re-election as a director are submitted to the shareholders at the General Shareholders' Meeting, is set out in the report of the Appointments Committee attached to this document.

Based on the information set out in the aforementioned report of the Appointments Committee, the Board of Directors has been able to verify that the candidate continues to have the competence, experience and merits required to hold the position of director.

Specifically, the Board of Directors has very favourably assessed his extensive experience and in-depth and well-versed knowledge of the activities and operations of the Group and particularly of the domestic and international businesses run by the companies thereof, which Mr Martínez Martínez has acquired over the course of his professional career at the Group as a member of senior



management and the management team, and as a director of various companies. In particular, Mr Armando Martínez Martínez has been Business CEO, Director of the Networks Business and of the Global Liberalised Business, general manager and director of generation of “Iberdrola México, S.A. de C.V.”, and chair of the boards of directors of “Iberdrola España, S.A.” (Sociedad Unipersonal), “Iberdrola Redes España, S.A.” (Sociedad Unipersonal), “Scottish Power Energy Networks Holdings Ltd.”, “Avangrid Networks, Inc.”, “Neoenergia Distribuicao Brasilia S.A.”, “Iberdrola Clientes, S.A.” (Sociedad Unipersonal), “Scottish Power Retail Holdings Ltd.” and “Iberdrola México Energía S.A. de C.V.”

The Board of Directors has also taken into account the good results obtained by Mr Martínez Martínez in the evaluation of his performance as a director of the Company since his appointment on 25 October 2022.

The candidate has been proposed because of his personal and professional qualities and he would continue to belong to the category of executive director, taking into account the executive duties that he will continue to perform at the Company.

The foregoing, as well as the reasons offered by the Appointments Committee for the ratification of the appointment of Mr Martínez Martínez and his re-election as a director of the Company, which are reflected in the attached report and which this body adopts as its own, lead the Board of Directors to consider the ratification of the appointment and re-election of Mr Armando Martínez Martínez as an executive director of the Company justified and appropriate, on the conviction that his re-election will provide ongoing continuity to the management of the Company.

It should also be noted, as stated by the Appointments Committee, that the reasons set out in the attached report and particularly the skills and experience of Mr Martínez Martínez, his global view of the Company's strategy, his ability to continue contributing very positively to the operation of the Board of Directors and the continued presence of a profile that is very valuable due to his extensive knowledge of the Company and the other companies of the Group, and particularly of its businesses, support the proposed ratification of the appointment and re-election of Mr Armando Martínez Martínez.

5. Competence, experience and merits of Mr Manuel Moreu Munaiz, whose re-election as a director is submitted to the shareholders at the General Shareholders' Meeting

The competence, experience and merits of Mr Manuel Moreu Munaiz, whose re-election as a director is submitted to the shareholders at the General Shareholders' Meeting, are described in detail in the proposal of the Appointments Committee attached to this report.

Based on the information set out in the aforementioned proposal of the Appointments Committee, the Board of Directors has been able to verify that the candidate continues to have the competence, experience and merits required to hold the position of director.

Specifically, the Board of Directors has very favourably assessed the candidate's professional knowledge and experience in industrial engineering, and particularly in new technologies in the energy sector, as well as his proven business and entrepreneurial skills, which he has developed as a member of the boards of directors and committees of companies in various sectors, including energy, among other activities.

He also has in-depth and well-versed knowledge of the Group and of the businesses run by the companies thereof, particularly developed as a director of “Iberdrola Renovables, S.A.” and of the



Company and as a member of some of its committees, which positions Mr Moreu Munaiz as a suitable candidate to continue holding the position of director of the Company and will enable him to continue to contribute very positively to the operation of this corporate decision-making body. Specifically of note is the experience Mr Manuel Moreu Munaiz has acquired as a member of the Company's Remuneration Committee.

The Board of Directors has also taken into account the good results obtained by the candidate in the regular evaluation of the candidate's performance as a director of the Company.

Mr Manuel Moreu Munaiz has been proposed based on the personal and professional qualities thereof. In particular, the Appointments Committee has verified that the candidate can perform the duties thereof without being constrained by the relationships with the Company, its significant shareholders or the members of its management team, thus making the candidate deserving of the classification of independent director.

6. Competence, experience and merits of Ms Sara de la Rica Goiricelaya, whose re-election as a director is submitted to the shareholders at the General Shareholders' Meeting

The competence, experience and merits of Ms Sara de la Rica Goiricelaya, whose re-election as a director is submitted to the shareholders at the General Shareholders' Meeting, are described in detail in the proposal of the Appointments Committee attached to this report.

Based on the information set out in the aforementioned proposal of the Appointments Committee, the Board of Directors has been able to verify that the candidate continues to have the competence, experience and merits required to hold the position of director.

Specifically, the Board of Directors has very favourably assessed the candidate's knowledge and experience in economics and her academic work and publications dealing with topics that are important for the Company, such as the labour market and gender equality.

She also has in-depth and well-versed knowledge of the Group and of the businesses run by the companies thereof, acquired over the course of her long professional career, and particularly as a director of "Iberdrola España, S.A." (Sociedad Unipersonal) and as a member of the Company's Board of Directors and of some of its committees, which positions Ms de la Rica Goiricelaya as a suitable candidate to continue holding the position of director of the Company and will enable her to continue to contribute very positively to the operation of this corporate decision-making body.

The Board of Directors has also taken into account the good results obtained by the candidate in the regular evaluations of the candidate's performance as a director of the Company.

Ms Sara de la Rica Goiricelaya has been proposed based on the personal and professional qualities thereof. In particular, the Appointments Committee has verified that the candidate can perform the duties thereof without being constrained by the relationships with the Company, its significant shareholders or the members of its management team, thus making the candidate deserving of the classification of independent director.



7. Competence, experience and merits of Mr Xabier Sagredo Ormaza, whose re-election as a director is submitted to the shareholders at the General Shareholders' Meeting

The competence, experience and merits of Mr Xabier Sagredo Ormaza, whose re-election as a director is submitted to the shareholders at the General Shareholders' Meeting, are described in detail in the proposal of the Appointments Committee attached to this report.

Based on the information set out in the aforementioned proposal of the Appointments Committee, the Board of Directors has been able to verify that the candidate continues to have the competence, experience and merits required to hold the position of director.

Specifically, the Board of Directors has very favourably assessed the candidate's knowledge and extensive experience in the financial and corporate social responsibility sectors, which will enable Mr Xabier Sagredo Ormaza to continue to contribute a comprehensive view of this key sector for the Company and the other companies of the Group.

He also has in-depth and well-versed knowledge of the Group and of the businesses run by the companies thereof, acquired over the course of his long professional career, and particularly as a director of "Iberdrola Generación, S.A." (Sociedad Unipersonal), "Iberdrola Distribución Eléctrica, S.A." (Sociedad Unipersonal) and the Company, and as a member of some of the committees of the boards of directors of companies of the Group, including the Company, which positions Mr Sagredo Ormaza as a suitable candidate to continue holding the position of director of the Company and will enable him to continue to contribute very positively to the operation of this corporate decision-making body.

The Board of Directors has also taken into account the good results obtained by the candidate in the regular evaluation of his performance as a director of the Company.

Mr Xabier Sagredo Ormaza has been proposed based on the personal and professional qualities thereof. In particular, the Appointments Committee has verified that the candidate can perform the duties thereof without being constrained by the relationships with the Company, its significant shareholders or the members of its management team, thus making the candidate deserving of the classification of independent director.

8. Competence, experience and merits of Mr José Ignacio Sánchez Galán

8.1 Report issued by an independent expert

As provided in its work schedule, the Appointments Committee asked PwC Asesores, an independent internationally recognised expert in corporate governance, to prepare a report analysing the proposed re-election of Mr José Ignacio Sánchez Galán as an executive director of the Company. This committee found that the possible re-election of the chair of the Board of Directors was a matter of the utmost strategic importance for the Company, meaning that it required an external and independent opinion, and it therefore resolved to request a report to this effect.

On 9 March 2023, in response to the request from the Appointments Committee, PwC Asesores issued a report analysing the re-election of the executive chairman based on the aspects it deemed most significant. The aforementioned report is structured in three segments: (i) performance of the Company with respect to comparable energy companies and recognition of the management by the market during the chairman's last term; (ii) value of the management



team in the current and expected future strategic context of the Company; and (iii) good governance in relation to application of the Governance and Sustainability System.

In addition, the report analysed the corporate and governance structure of the Group, the fundamental lines of which were approved by the shareholders at the General Shareholders' Meeting with a large majority of votes in favour, to verify that it complies with the effective separation of the functions of strategic definition and supervision and those of administration and management, that it has the mechanisms and conditions to ensure the proper functioning of the Board of Directors, and particularly to strengthen its independence to implement the supervisory function, and that there are checks and balances that avoid the possible risks associated with the accumulation of powers within a single person or body, particularly noting the division of the roles of executive chairman and chief executive officer as from October 2022.

In summary, the report, the contents of which can be viewed on the Company's corporate website, concludes as follows:

- a) Throughout the executive chairman's last term of office starting in 2019, the Company's excellent performance has outperformed the market and comparable companies selected for the analysis, showing the success of the strategy and management during the period in which Mr Sánchez Galán has held his position.
- b) Within a complex industry context, the market recognises the Company's potential to create future value and perceives the Company's management team to be an element of added value in meeting future strategic challenges.
- c) The Company's Governance and Sustainability System has tools that guarantee separation between the duties of strategic definition and supervision and those of day-to-day administration and management, ensure the diligent and rigorous operation of the Board of Directors, and mitigate the risks associated with a potential concentration of power.

The report of PwC Asesores confirms based on these conclusions that the proposed re-election of Mr José Ignacio Sánchez Galán as an executive director is supported by the solid performance of the Company during the period from 2019 to 2022, the majority support for management by shareholders and the market, as well as the strategic context of the Company and the track record and critical skills of the chairman of the Board of Directors to meet the strategic challenges ahead.

In addition to the above, the aforementioned report also points out that the Company has a corporate and governance structure that effectively separates the duties of strategic definition and supervision from those of day-to-day administration and management, and, through the checks and balances available to it, including the independence of the Board of Directors and the separation of duties between the chairman and the chief executive officer, mitigates the risks associated with a possible concentration of powers within a single governance body or person.

8.2 Competence, experience and merits of Mr Sánchez Galán

a) Competence: results of annual evaluations

The performance of the chairman of the Board of Directors has been annually rated as outstanding, following a demanding evaluation process established in the Governance



and Sustainability System, with the help of PwC Asesores in its capacity as a prestigious independent external advisor.

These evaluations have highlighted the management carried out in a context that is complex for the industry, which has resulted in an excellent economic and financial performance and high returns, the strengthening of a business model capable of generating sustainable value for the Company's shareholders, and outstanding stock market performance by the Company's shares. The evaluations have also noted the chairman's dedication to the Company, his successful strategic vision and his great capacity to lead a proven management model, as well as the achievement of established targets, adopting the measures that best suit the corporate interest at all times.

b) Experience and merits

The financial indicators for the boundaries of the Group objectively show the good performance of the Company's business model under the leadership of Mr Sánchez Galán.

As described in the report prepared by PwC Asesores, Mr José Ignacio Sánchez Galán has amply demonstrated the wisdom of his strategic vision, as well as his ability to lead a successful management model, having tripled the value of the shares since his appointment in 2001, among other achievements.

In addition, his outstanding track record has continued during the current management period that started in 2019, in which he has continued to demonstrate a deep commitment to meeting strategic objectives and has been recognised for his management in several prestigious rankings, including the following: (i) in the "CEO 100" ranking produced by Harvard Business Review in 2019, he was selected as one of the five "Best-Performing CEOs in the World", in addition to being ranked as the best CEO of companies in the energy sector; (ii) in the "Green 30 for 2020" ranking produced by Bloomberg in 2020, Mr Sánchez Galán was recognised as one of the 30 most influential leaders in the world in the fight against climate change; (iii) the chairman was one of the 100 CEOs included in Brand Finance's "Brand Guardianship Index" in 2021; and (iv) the "Best CEO" rating prepared by Institutional Investor Research Group in 2022, where Mr José Ignacio Sánchez Galán was recognised as one of the "Best CEOs" among European electric companies. In addition, in December 2022, Harvard Business School published the case study "*Iberdrola: Leading the Energy Revolution*", which examines the decisions made by the chairman over the last twenty years that have defined the Company's strategy and its leadership in clean energy.

These results show the success of the strategy defined by the Board of Directors under the stimulus and management of Mr José Ignacio Sánchez Galán, through an enterprise based on three key pillars: (i) a clear early wager on "clean" and regulated assets, which has allowed the Group to cement its position as a driving force in the energy transition; (ii) a successful plan of geographic diversification, with an expansion model focused on large markets with strong growth prospects and stable regulations, making the companies of the Group leading operators in the United States of America (where it is the second-largest operator in terms of renewable generation), continental Europe, the United Kingdom, Latin America and Australia; and (iii) a commitment to rigorous and responsible management of the business, which has led the Company to meet all of its commitments in terms of operating profit, net profit and shareholder remuneration during



the last four strategic plans.

These three pillars have been maintained and strengthened during the period from 2019 to 2022, enabling the Company to further develop a diversified, stable and profitable business while continuing with a firm commitment to the development of a responsible management model from the environmental, social and governance standpoint, incorporating environmental, social and governance (“**ESG**”) factors as an integral part of its strategy and operations.

In terms of economic and financial performance from 2019 to 2022, the Company has managed to: (i) grow its business, obtaining sustainable growth and increasing its revenues and installed renewable capacity (20% over those of its peers and 50% over those of comparable companies, respectively), with the Company currently being the leading European electric company and the second-largest in the world in terms of market capitalisation; (ii) improve its profitability, focusing on efficiency as a strategic management pillar; and (iii) increase its financial strength, preferentially supported by green financing, and which in comparative terms highlights the Company’s rigorous financial management during the aforementioned period, which has led the main global rating agencies to assign it a high credit rating, which is in the upper range of the ratings frameworks and has been equal to or higher than that received by comparable companies in all cases.

The management and strategic decisions adopted have allowed the Company to consolidate a business model capable of generating sustainable value for its shareholders. The companies of the Group have received the support of the capital markets in this regard, improving its share price by more than 60% during the period from 2019 to 2022, and the Group has outperformed the global benchmark indices, demonstrating a solid model for generating shareholder value compared to other companies in the sector.

The success of the Group’s enterprise over the past four years has also been able to generate sustainable value for all its Stakeholders in the ESG dimensions, through the “social dividend”, which is directly reflected in the Company’s strategy and its Governance and Sustainability System:

- Environmental aspects include its pioneering wager on renewable energies and the energy transition more than two decades ago, which has enabled it to position itself as a world leader in renewable energy, its low emissions intensity (significantly below the European average), and its progress in integrating the principles of the circular economy into its business model.
- In the social sphere, the activities of the Group’s companies have a major impact on the labour market in the territories and countries in which they are present, with stability being a key feature of the employment generated. The Company is also committed to the professional development of its workforce, was recognised as one of the ten best companies in the world for its integration of women by Forbes in 2021, has policies that guarantee equal pay for men and women, has high cultural diversity among its workforce, and maintains a firm commitment to the social and labour inclusion of people with disabilities and to the sustainable management of its supply chain. The Company also contributes to the creation of wealth in all the territories and countries in which it operates and to the funding of public services through its



tax contributions for the benefit of the societies in which it provides its services.

- In the area of governance, its Governance and Sustainability System, which is structured around the environmental, social and corporate governance pillars, is subject to a process of permanent review and updating, aimed at incorporating the main recommendations and best international practices in this area. This System has received global recognition, including the World Finance award for best corporate governance in Spain, which the Company has won nine times (most recently in 2022), and the award given by Ethical Boardroom to the company with the best corporate governance practices among European energy companies in 2019.

Furthermore, under the chairmanship of Mr José Ignacio Sánchez Galán, the Company's commitment to compliance and ethics at the corporate level has been recognised by the Ethisphere Institute, which has included the Company in its annual "World's Most Ethical Companies" ranking since 2014, and it is the only Spanish company included in this ranking.

Under the leadership of Mr Sánchez Galán, the Company's management team has also demonstrated that it has the critical skills to meet future challenges, including the following competencies, among others: (i) it has amply demonstrated its effectiveness in implementing the Company's strategic commitment to the energy transition and regulated assets; (ii) it has deployed operational efficiency programmes across all of the Company's divisions and regions; (iii) it has rigorously managed the balance sheet, having handled intense investment plans at the same time as maximising dividend payments to shareholders; and (iv) it has managed the regulated business with an outstanding track record in the Networks business.

Based on the foregoing, the Company continues to be recognised as having great potential to keep creating sustainable value for its shareholders in the new strategic period.

8.3 Conclusion

In view of all the foregoing, at its meeting held on 9 March 2023, the Appointments Committee, in accordance with the provisions of Sections 518 and 529 *decies* of the *Companies Act* and Article 5, sections d) and e) of the *Regulations of the Appointments Committee*, reported favourably on the proposed re-election of Mr José Ignacio Sánchez Galán as an executive director of the Company.

For its part, based on the foregoing and particularly taking into account the corporate interest and the conclusions of the report prepared by PwC Asesores at the request of the Appointments Committee, as well as the report issued by said committee, the Company's Board of Directors supports the re-election of Mr José Ignacio Sánchez Galán as a director of the Company and his continuation as an executive director. Therefore, it has resolved to submit to the shareholders at the General Shareholders' Meeting the re-election of Mr Sánchez Galán under the category of executive director.



9. Contribution of the proposed candidates to the diversity of skills, knowledge, experience, origin, nationality, age and gender within the Board of Directors

Considered as a whole, the six candidates allow for a strengthening of the diversity of skills, knowledge, experience, origin, nationality, age and gender in the composition of the Board of Directors required for the best performance of the duties thereof, in accordance with the Sustainable Development Goals (SDGs) approved by the United Nations (UN).

On the one hand, as described in the proposals and reports of the Appointments Committee attached hereto, the six candidates have specific and appropriate knowledge to hold the position of director of the Company, a majority of them have experience in the main countries and sectors in which the Group's companies do business, and they are respectable, suitable and qualified persons, widely recognised for their expertise, competence, experience, qualifications, training, availability and ability to commit to the duties of said position.

Furthermore, Ms Antolín Raybaud's French citizenship contributes to the diversity of origins and nationalities and her appointment together with that of Ms Sara de la Rica Goiricelaya maintains the presence of the under-represented gender on the management decision-making body and thus enhances gender diversity within the Board of Directors.

In addition, all of the candidates are upstanding professionals, whose conduct and professional track record are aligned with the principles set forth in the *Code of Ethics* and with the purpose and values of the Group established in the *Purpose and Values of the Iberdrola Group*. The Appointments Committee has also verified that none of them have directly or indirectly incurred any grounds for disqualification, prohibition, conflict or opposition of interests to the corporate interest set forth in provisions of a general nature or in the Governance and Sustainability System for holding the position of director.

Furthermore, the proposed re-elections of the candidates help achieve a diverse and balanced composition of the Board of Directors as a whole, based on the nature and complexity of the businesses of the Group's companies as well as the social and environmental context in which it has a presence.

Specifically, the various professional profiles and backgrounds of the candidates ensure the contribution of multiple viewpoints and guarantee an enriching debate and a decision-making process without implicit biases, and contribute very positively to the operation of the Board of Directors.

Finally, it is stated for the record that all of the candidates have sufficient knowledge of the Spanish and English languages to be able to perform their duties.

10. Proposed resolutions

The proposed resolutions submitted to the shareholders for approval at the General Shareholders' Meeting in relation to the ratification of the appointment and re-election of directors and the determination of the number of members of the Board of Directors are as follows:



“ITEM 15 ON THE AGENDA

Re-election of Ms María Helena Antolín Raybaud as an external director

RESOLUTION

To re-elect Ms María Helena Antolín Raybaud as a director, after a report from the Appointments Committee, for the by-law mandated four-year term and with the classification of other external director.

ITEM 16 ON THE AGENDA

Ratification and re-election of Mr Armando Martínez Martínez as an executive director

To ratify the appointment of Mr Armando Martínez Martínez as a director (appointed on 25 October 2022 on an interim basis (co-option) by resolution adopted by the Board of Directors, after a report from the Appointments Committee), and to re-elect him, also after a report from the Appointments Committee, for the bylaw-mandated four-year term, with the classification of executive director.

ITEM 17 ON THE AGENDA

Re-election of Mr Manuel Moreu Munaiz as an independent director

RESOLUTION

To re-elect Mr Manuel Moreu Munaiz as a director, upon a proposal of the Appointments Committee, for the by-law mandated four-year term and with the classification of independent director.

ITEM 18 ON THE AGENDA

Re-election of Ms Sara de la Rica Goiricelaya as an independent director

RESOLUTION

To re-elect Ms Sara de la Rica Goiricelaya as a director, upon a proposal of the Appointments Committee, for the by-law mandated four-year term and with the classification of independent director.

ITEM 19 ON THE AGENDA

Re-election of Mr Xabier Sagredo Ormaza as an independent director

RESOLUTION

To re-elect Mr Xabier Sagredo Ormaza as a director, upon a proposal of the Appointments Committee, for the by-law mandated four-year term and with the classification of independent director.

**ITEM 20 ON THE AGENDA****Re-election of Mr José Ignacio Sánchez Galán as an executive director****RESOLUTION**

To re-elect Mr José Ignacio Sánchez Galán as a director, after a report from the Appointments Committee, for the by-law mandated four-year term and with the classification of executive director.

ITEM 21 ON THE AGENDA**Setting of the number of members of the Board of Directors at fourteen****RESOLUTION**

To set the number of members of the Board of Directors at fourteen.”

11. Composition of the Board of Directors

If all proposed resolutions regarding the re-election of Ms María Helena Antolín Raybaud, Mr Manuel Moreu Munaiz, Ms Sara de la Rica Goiricelaya, Mr Xabier Sagredo Ormaza and Mr José Ignacio Sánchez Galán and the ratification of the interim appointment (co-option) and re-election of Mr Armando Martínez Martínez as directors of the Company submitted to the shareholders at the General Shareholders' Meeting under items 15 to 20 on the agenda are approved, the Board of Directors would be made up of the following fourteen members:

Name	Position	Classification
Mr José Ignacio Sánchez Galán	Chairman	Executive
Mr Armando Martínez Martínez	Chief Executive Officer	Executive
Mr Juan Manuel González Serna	First vice-chair and lead independent director	Independent
Mr Anthony Luzzatto Gardner	Second vice-chair	Independent
Mr Íñigo Víctor de Oriol Ibarra	Member	Other external
Ms María Helena Antolín Raybaud	Member	Other external
Mr Manuel Moreu Munaiz	Member	Independent
Mr Xabier Sagredo Ormaza	Member	Independent
Ms Sara de la Rica Goiricelaya	Member	Independent
Ms Nicola Mary Brewer	Member	Independent



Ms Regina Helena Jorge Nunes	Member	Independent
Mr Ángel Jesús Acebes Paniagua	Member	Independent
Ms María Ángeles Alcalá Díaz	Member	Independent
Ms Isabel García Tejerina	Member	Independent

In Bilbao, on 14 March 2023.



ANNEX

REPORT OF THE APPOINTMENTS COMMITTEE REGARDING THE RE-ELECTION OF MS MARÍA HELENA ANTOLÍN RAYBAUD AS OTHER EXTERNAL DIRECTOR OF “IBERDROLA, S.A.”

1. Introduction

Pursuant to the provisions of Article 5, sections d) and e), of the *Regulations of the Appointments Committee* of “Iberdrola, S.A.” (the “**Company**”), the Appointments Committee (the “**Committee**”) is responsible for reporting on proposals for the re-election of other external directors for submission to a decision by the shareholders at a General Shareholders' Meeting, as well as for verifying that the candidate to be re-elected continues to comply with the general requirements for all directors of the Company, pursuant to the provisions of law and the Governance and Sustainability System, and for evaluating the quality of the relevant director's work and dedication to the position during their preceding term of office and, specifically, their respectability, capability, expertise, competence, experience, qualifications, availability and commitment to their duties.

Ms María Helena Antolín Raybaud was last re-elected as a director of the Company, for the bylaw-mandated term of four years, by the shareholders at the General Shareholders' Meeting held on 29 March 2019, having been first appointed on 26 March 2010 for a five-year term and re-elected on 27 March 2015.

Given that the term for which Ms Antolín Raybaud was appointed as a director of the Company ends during this financial year 2023, the Committee has examined the advisability of the re-election thereof and has performed the verifications and evaluations referred to in Article 5, sections c) and d) of the regulations thereof.

Therefore, the purpose of this report is to reflect the results of the work performed by the Committee regarding the potential re-election of Ms María Helena Antolín Raybaud, as well as to provide a report to the Board of Directors, for submission to a decision by the shareholders at the General Shareholders' Meeting, regarding her re-election with the classification of other external director.

2. Professional profile and biographical data of the candidate

Born in Toulon (France), in 1966.

Degree in International Business and Business Administration from Eckerd College, St. Petersburg, Florida (United States), and Master in Business Administration from Anglia University, Cambridge (United Kingdom) and from Escuela Politécnica de Valencia (Spain).

Noteworthy experience for holding this position within the Company

Ms Antolín Raybaud was an external independent director of “Iberdrola Renovables, S.A.” and a member of its Related-Party Transactions Committee from 2007 to 2010, and has also been a director of companies in the energy and industrial sectors.

She has been in charge of the corporate Industrial, Strategy, and Marketing, Communication and Institutional Relations divisions of “Grupo Antolín Irausa, S.A.”, where she has also been a director of Human Resources and the head of Total Quality.



Noteworthy experience in other industries

She has been a member of the Advisory Committee of Sabadell Urquijo Banca Privada.

Other current positions and professional activities

She is vice-chair of the Board of Directors and member of the Management Committee of "Grupo Antolín Irausa, S.A", vice president of the Excellence in Management Club (*Club de Excelencia en Gestión*), a member of the Management Board of the Spanish Association of Automotive Equipment and Component Manufacturers (*Asociación Española de Fabricantes de Equipos y Componentes para Automoción*) (Sernauto), a member of the Madrid and Central Spain Territorial Advisory Board of Sabadell Urquijo Banca Privada, a member of the Executive Committee of the Spanish Confederation of Business Organisations (*Confederación Española de Organizaciones Empresariales*) (CEOE), a board member of France Foreign Trade, Spain section, and a member of the Plenary Committee of the Spanish Chamber of Commerce.

3. Category to which the director candidate should belong

Ms María Helena Antolín Raybaud belongs to the category of other external director as a period of more than twelve years has passed since her first appointment as a director of the Company.

4. Availability

Before the beginning of each financial year, the Company's Board of Directors prepares a schedule of regular meetings, both of the full Board and of its committees, accommodating the needs of the Company to the agreed dedication of the directors.

Based on the schedule, the effective availability of the candidate to prepare for each meeting of the Board of Directors and to provide the dedication necessary for holding the position of director has been verified with the candidate.

5. Shares of the Company and derivative financial instruments whose underlying assets are shares of the Company of which the director candidate is a holder

As at the date of this report, Ms María Helena Antolín Raybaud holds 168,157 shares representing 0.0% of the share capital.

6. Compliance with the provisions of the *Board of Directors Diversity and Member Selection Policy*

Pursuant to the provisions of the *Board of Directors Diversity and Member Selection Policy*, in order to determine the appropriateness of re-electing Ms Antolín Raybaud to the position of director, the Committee has evaluated the needs of the Company and of the other companies of the Iberdrola group, taking into consideration the specific particularities of their businesses and of the territories in which they do business, comparing them to the profile of the candidate for re-election.

The Committee believes that the Board of Directors should have members with extensive knowledge of domestic and international business management and of the energy sector, such as Ms María Helena Antolín Raybaud, who has extensive training in business management and administration and a long business career at the Antolín group, which will enable her to continue to contribute her practical expertise and personal experience as a successful businesswoman as part of the decision-making process of the Company's Board of Directors.



The Board of Directors should also have members with in-depth and well-versed knowledge of the Company and of the Iberdrola group and of the businesses thereof, like that of Ms Antolín Raybaud, which will allow her to continue to contribute very positively to the operation of the Board of Directors.

The Committee also very favourably assesses the knowledge and experience of the candidate for re-election acquired during her extensive professional career and particularly as a director of “Iberdrola Renovables, S.A.” and of the Company and a member of some of the committees of the boards of directors of companies of the Iberdrola group, including the Company, as well as the continuation thereof, based on the positive evaluation of her performance and the good results achieved by Ms María Helena Antolín Raybaud, her dedication to the position throughout all of her terms of office as a director of the Company, her strategic vision and decision-making ability, and the continued presence of a very valuable profile for the Board of Directors.

The re-election of Ms Antolín Raybaud will also contribute to maintaining the already high percentage of women on the Board of Directors, thus strengthening gender diversity on the Board. It would also strengthen the Company’s commitment in favour of gender equality and contribution to the achievement of the Sustainable Development Goals (SDGs) approved by the United Nations (UN), particularly SDG number five relating to the empowerment of women.

The Committee has also taken into account that the candidate’s profile and professional background will bring a pluralistic viewpoint to debate within the Board of Directors and enrich it, ensuring a decision-making process without implicit biases and positively favouring the operation thereof.

The Committee therefore considers the re-election of Ms María Helena Antolín Raybaud as a director to be appropriate.

7. Verification of compliance with the requirements to be a director of the Company

The Committee very favourably values the profile, skills and experience of the candidate, and specifically such director’s respectability, capability, expertise, competence, experience, qualifications, education, availability and ability to commit to the duties of the position, which were verified in each of the annual evaluations of the individual performance thereof.

In addition, the Committee has verified that the conduct and professional track record of Ms Antolín Raybaud continue to be fully aligned with the principles contained in the *Code of Ethics* and with the corporate purpose and values set out in the *Purpose and Values of the Iberdrola Group* and that the candidate has not directly or indirectly incurred any grounds for disqualification, prohibition, conflict or opposition of interests to the corporate interest set forth in provisions of a general nature or in the Governance and Sustainability System for holding the position of director.

Therefore, it is deemed to have been verified that the candidate meets the general requirements for all directors of the Company as provided by law and the Governance and Sustainability System.

8. Conclusion

The Committee has unanimously decided (with the candidate for re-election abstaining) to favourably report on the re-election of Ms María Helena Antolín Raybaud as a director of the Company, with the classification of other external director.



ANNEX

REPORT OF THE APPOINTMENTS COMMITTEE REGARDING THE RATIFICATION OF THE APPOINTMENT AND RE-ELECTION OF MR ARMANDO MARTÍNEZ MARTÍNEZ AS AN EXECUTIVE DIRECTOR OF "IBERDROLA, S.A."

1. Introduction

Pursuant to the provisions of Article 5, sections d) and e), of the *Regulations of the Appointments Committee* of "Iberdrola, S.A." (the "**Company**"), the Appointments Committee (the "**Committee**") is responsible for reporting on proposals for the re-election of executive directors for submission to a decision by the shareholders at a General Shareholders' Meeting, as well as for verifying that the candidate to be re-elected continues to comply with the general requirements for all directors of the Company, pursuant to the provisions of law and the Governance and Sustainability System, and for evaluating the quality of the relevant director's work and dedication to the position during their preceding term of office and, specifically, their respectability, capability, expertise, competence, experience, qualifications, availability and commitment to their duties.

By resolution of the Board of Directors dated 25 October 2022, Mr Armando Martínez Martínez was appointed as a director of the Company on an interim basis (co-option), to fill the vacancy created by said corporate decision-making body's acceptance of Mr Francisco Martínez Córcoles' resignation from his position as a director of the Company, until the first General Shareholders' Meeting of the Company to be held thereafter. Given that the term for which Mr Martínez Martínez was appointed as a director of the Company ends on the day of the General Shareholders' Meeting, which is expected to be held on 28 April 2023, the Committee has examined the advisability of the re-election thereof and has performed the verifications and evaluations referred to in Article 5, sections c) and d) of the regulations thereof.

Therefore, the purpose of this report is to reflect the results of the work performed by the Committee regarding the potential ratification of the appointment on an interim basis (co-option) and re-election of Mr Armando Martínez Martínez as an executive director, as well as to provide a report to the Board of Directors for submission to a decision by the shareholders at the General Shareholders' Meeting.

2. Professional profile and biographical data of the candidate

Born in Miranda de Ebro (Spain) in 1968.

He has a degree in industrial engineering (with a major in electricity) from Universidad de Valladolid (Spain) and a diploma in Company Management from Instituto Panamericano de Alta Dirección de Empresa, IPADE Business School.

Noteworthy experience for holding this position within the Company

Mr Armando Martínez Martínez has spent most of his professional career at the Iberdrola group and has more than 25 years' experience in the energy industry.

In 1997 he joined the Company as director of the Santurce (Biscay) thermal power plant. From 2000



to 2014 he worked at “Iberdrola México, S.A. de C.V.”, first as director of Generation, and from 2011 onwards, as general director of that Mexican company. In July 2014 he was appointed as general director of the Global Liberalised Business. From February 2016 to October 2021, he held the position of director of the Networks Business. In October 2021 he was appointed as Business CEO, effective from 1 November 2021, with overall responsibility for all businesses at the global level.

He has chaired the boards of directors of “Iberdrola España, S.A. (Sociedad Unipersonal)”, “Iberdrola Redes España, S.A.” (Sociedad Unipersonal), “Scottish Power Energy Networks Holdings Ltd.”, “Avangrid Networks, Inc.”, “Neoenergia Distribuicao Brasilia S.A.”, “Iberdrola Clientes, S.A.” (Sociedad Unipersonal), of “Scottish Power Retail Holdings Ltd.”, “Iberdrola México, S.A. de C.V.” and “Iberdrola México Energía S.A. de C.V.”

3. Category to which the director candidate should belong

Mr Martínez Martínez should belong to the category of executive director taking into account the executive duties that he is expected to continue performing at the Company.

4. Availability

Before the beginning of each financial year, the Company’s Board of Directors prepares a schedule of regular meetings, both of the full Board and of its committees, accommodating the needs of the Company to the agreed dedication of the directors.

Based on the schedule, the effective availability of the candidate to prepare for each meeting of the Board of Directors and to provide the dedication necessary for holding the position of director has been verified with the candidate.

5. Shares of the Company and derivative financial instruments whose underlying assets are shares of the Company of which the director candidate is a holder

As at the date of this report, Mr Armando Martínez Martínez holds 1,237 shares representing 0.0% of the share capital.

6. Compliance with the provisions of the *Board of Directors Diversity and Member Selection Policy*

Pursuant to the provisions of the *Board of Directors Diversity and Member Selection Policy*, in order to determine the appropriateness of ratifying Mr Armando Martínez Martínez’s interim appointment (co-option) and re-electing him to the position of director, the Committee has evaluated the needs of the Company and of the other companies of the Iberdrola group, taking into consideration the specific particularities of their businesses and of the territories in which they do business, comparing them to the profile of the candidate for re-election.

The Committee believes that the Board of Directors should have members with extensive experience in the domestic and international energy sector, with in-depth and well-versed knowledge of the internal operations of the Company and of the Iberdrola group, and particularly of its businesses, as possessed by Mr Martínez Martínez.

The candidate’s extensive track record at Iberdrola’s group, in addition to his membership of boards of directors of various international companies of this group located in Mexico, Brazil, the United States of America and the United Kingdom, have enabled Mr Martínez Martínez to acquire extensive



knowledge of the operations of the businesses of companies of the Iberdrola group, as well as quite significant international experience.

The Committee also very favourably assesses the knowledge and experience of the candidate acquired during his extensive professional career, and particularly as a director of the Company and of other companies of the Iberdrola group, as well as the continuation thereof, based on the positive evaluation of his performance and the good results achieved by Mr Armando Martínez Martínez, his dedication to the position since his appointment as a member of the Company's Board of Directors, his strategic vision and his excellent managerial and decision-making ability, which has been reflected in the outstanding results of the Company and the Iberdrola group as a whole during the years he has served as a member of its senior management and of the management team of other companies of the this group.

The ratification of the appointment and re-election of Mr Martínez Martínez also entails a positive contribution to the operation of the Board of Directors and his contribution to an enrichment of debate within this body (ensuring a decision-making process without implicit bias and positively favouring the operation thereof), as well as the continued presence of a profile that is very valuable for the Board of Directors, in view of his extensive knowledge of the Company and of the Iberdrola group, and particularly of the businesses thereof.

Therefore, the Committee considers the ratification of the appointment of Mr Armando Martínez Martínez and the re-election thereof as a director to be appropriate.

7. Verification of compliance with the requirements to be a director of the Company

The Committee very favourably values the profile, skills and experience of the candidate, and specifically such director's respectability, capability, expertise, competence, experience, qualifications, education, availability and ability to commit to the duties of the position, which were verified in the evaluation of the individual performance thereof.

In addition, the Committee has verified that the conduct and professional track record of the candidate continue to be fully aligned with the principles contained in the *Code of Ethics* and with the corporate purpose and values set out in the *Purpose and Values of the Iberdrola group* and that the candidate has not directly or indirectly incurred any grounds for disqualification, prohibition, conflict or opposition of interests to the corporate interest set forth in provisions of a general nature or in the Governance and Sustainability System for holding the position of director.

Therefore, it is deemed to have been verified that the candidate meets the general requirements for all directors of the Company as provided by law and the Governance and Sustainability System.

8. Conclusion

The Committee has unanimously decided to favourably report on the ratification of the interim appointment (co-option) and the re-election of Mr Armando Martínez Martínez as a director of the Company, with the classification of executive director.



ANNEX

PROPOSAL FORMULATED BY THE APPOINTMENTS COMMITTEE REGARDING THE RE-ELECTION OF MR MANUEL MOREU MUNAIZ AS AN INDEPENDENT DIRECTOR OF “IBERDROLA, S.A.”

1. Introduction

Pursuant to the provisions of Article 5, sections d) and e), of the *Regulations of the Appointments Committee* of “Iberdrola, S.A.” (the “**Company**”), the Appointments Committee (the “**Committee**”) is responsible for proposing to the Board of Directors the re-election of independent directors for submission to a decision by the shareholders at a General Shareholders' Meeting, as well as for verifying that the candidate to be re-elected continues to comply with the general requirements for all directors of the Company, pursuant to the provisions of law and the Governance and Sustainability System, and for evaluating the quality of the relevant director's work and dedication to the position during their preceding term in office and, specifically, their respectability, capability, expertise, competence, experience, qualifications, availability and commitment to their duties.

Mr Manuel Moreu Munaiz was last re-elected as a director of the Company, for the bylaw-mandated term of four years, by the shareholders at the General Shareholders' Meeting held on 29 March 2019, having been first appointed on 17 February 2015. Given that the term for which Mr Moreu Munaiz was appointed as a director of the Company ends during this financial year 2023, the Committee has examined the advisability of the re-election thereof and has performed the verifications and evaluations referred to in Article 5, sections c) and d) of the regulations thereof.

Therefore, the purpose of this document is to reflect the results of the work performed by the Committee relating to the potential re-election of Mr Manuel Moreu Munaiz as a director of the Company with the classification of independent director.

2. Professional profile and biographical data of the candidate

Born in Pontevedra (Spain) in 1953.

He holds a doctorate in naval engineering from Escuela Técnica Superior de Ingenieros Navales (ETSIN) of the Universidad Politécnica de Madrid, and a Master's degree in Oceanic Engineering from the Massachusetts Institute of Technology (MIT).

Noteworthy experience for holding this position within the Company

He has been a member of the Sustainable Development Committee of the Company, of the Board of Directors of “Iberdrola Renovables, S.A.” and a director and member of the Audit and Compliance Committee of “Gamesa Corporación Tecnológica, S.A.” (now “Siemens Gamesa Renewable Energy, S.A.”).

Noteworthy experience in other industries

Mr Manuel Moreu Munaiz has been a member of the board of “Metalships and Docks, S.A.”, “Neumáticas de Vigo, S.A.” and “Rodman Polyships, S.A.”, dean of the Colegio Oficial de Ingenieros Navales y Oceánicos de Madrid y de España, president of the Spanish Institute of Engineering, and



a professor of the Escuela Técnica Superior de Ingenieros Navales of the Universidad Politécnica de Madrid and for the Repsol's Master's Programme in Oil.

Other current positions and professional activities

He is the president of "Seaplace, S.L.", sole director of "H.I. de Iberia Ingeniería y Proyectos, S.L." and of "Howard Ingeniería y Desarrollo, S.L.", a director of "Tubacex, S.A." and a member of the Spanish Committee of Lloyd's Register EMEA, as well as a professor of the Master's Programme in Oil at Universidad Politécnica de Madrid (ETSIM), and of the Maritime Master's Programme of Instituto Marítimo Español and of Universidad Pontificia Comillas.

3. Category to which the director candidate should belong

Mr Moreu Munaiz has been proposed based on his personal and professional qualities, after verifying that he can discharge his duties without being constrained by the relationships with the Company, its significant shareholders or the members of its management team, thus meriting the classification of independent director.

4. Availability

Before the beginning of each financial year, the Company's Board of Directors prepares a schedule of regular meetings, both of the full Board and of its committees, accommodating the needs of the Company to the agreed dedication of the directors.

Based on the schedule, the effective availability of the candidate to prepare for each meeting of the Board of Directors and to provide the dedication necessary for holding the position of director has been verified with the candidate.

5. Shares of the Company and derivative financial instruments whose underlying assets are shares of the Company of which the director candidate is a holder

As at the date of this proposal, Mr Manuel Moreu Munaiz holds 58,650 shares representing 0.0% of the share capital.

6. Compliance with the provisions of the *Board of Directors Diversity and Member Selection Policy*

Pursuant to the provisions of the *Board of Directors Diversity and Member Selection Policy*, in order to determine the appropriateness of re-electing Mr Moreu Munaiz to the position of director, the Committee has evaluated the needs of the Company and of the other companies of the Iberdrola group, taking into consideration the specific particularities of their businesses and of the territories in which they do business, comparing them to the profile of the candidate for re-election.

The Committee believes that the Board of Directors should have members with technical and industrial engineering knowledge, with experience in the new technologies of the energy sector and with proven business and entrepreneurial ability such as Mr Manuel Moreu Munaiz, who has engaged in his professional activities at different companies, some of which he has founded and which are linked to power generation technologies, as well as having been a director of listed companies.

The Board of Directors should also have members with in-depth and well-versed knowledge of the Company and of the Iberdrola group and of the businesses thereof, like that of Mr Moreu Munaiz, which will allow him to continue to contribute very positively to the operation of the Board of Directors.



The Committee also very favourably assesses the knowledge and experience of the candidate for re-election acquired during his extensive professional career and particularly as a director of “Iberdrola Renovables, S.A.” and of the Company and as a member of some of its committees (notably, Mr Moreu Munaiz acquired experience as a member of the Company’s Remuneration Committee), as well as the continuation thereof, based on the positive evaluation of his performance and the good results achieved by Mr Manuel Moreu Munaiz, his dedication to the position throughout all of his terms of office as a director of the Company, his strategic vision and decision-making ability, and the continued presence of a very valuable profile for the Board of Directors.

The re-election of Mr Moreu Munaiz will also contribute to strengthening the already high percentage of independent directors within the Company’s Board of Directors.

The Committee has also taken into account that the candidate’s profile and professional background will bring a pluralistic viewpoint to debate within the Board of Directors and enrich it, ensuring a decision-making process without implicit biases and positively favouring the operation thereof.

The Commission therefore considers the re-election of Mr Manuel Moreu Munaiz as a director to be appropriate.

7. Verification of compliance with the requirements to be a director of the Company

The Committee very favourably values the profile, skills and experience of the candidate, and specifically such director’s respectability, capability, expertise, competence, experience, qualifications, education, availability and ability to commit to the duties of the position, which were verified in each of the annual evaluations of the individual performance thereof.

In addition, the Committee has verified that the conduct and professional track record of the candidate continue to be fully aligned with the principles contained in the *Code of Ethics* and with the corporate purpose and values set out in the *Purpose and Values of the Iberdrola group* and that the candidate has not directly or indirectly incurred any grounds for disqualification, prohibition, conflict or opposition of interests to the corporate interest set forth in provisions of a general nature or in the Governance and Sustainability System for holding the position of director.

Therefore, it is deemed to have been verified that the candidate meets the general requirements for all directors of the Company as provided by law and the Governance and Sustainability System.

It is reported that Mr Moreu Munaiz will reach seventy years of age in October 2023, meaning that he will be required to tender his resignation to the Board of Directors at the first meeting it holds after he has reached the aforementioned age.

8. Conclusion

The Committee has unanimously decided to propose the re-election of Mr Manuel Moreu Munaiz as a director of the Company, with the classification of independent director.



ANNEX

PROPOSAL FORMULATED BY THE APPOINTMENTS COMMITTEE REGARDING THE RE-ELECTION OF MS SARA DE LA RICA GOIRICELAYA AS AN INDEPENDENT DIRECTOR OF "IBERDROLA, S.A."

1. Introduction

Pursuant to the provisions of Article 5, sections d) and e), of the *Regulations of the Appointments Committee* of "Iberdrola, S.A." (the "**Company**"), the Appointments Committee (the "**Committee**") is responsible for proposing to the Board of Directors the re-election of independent directors for submission to a decision by the shareholders at a General Shareholders' Meeting, as well as for verifying that the candidate to be re-elected continues to comply with the general requirements for all directors of the Company, pursuant to the provisions of law and the Governance and Sustainability System, and for evaluating the quality of the relevant director's work and dedication to the position during their preceding term in office and, specifically, their respectability, capability, expertise, competence, experience, qualifications, availability and commitment to their duties.

Ms Sara de la Rica Goiricelaya was appointed as a director of the Company for the bylaw-mandated four-year term at the General Shareholders' Meeting held on 29 March 2019. Given that the term for which Ms de la Rica Goiricelaya was appointed as a director of the Company ends during this financial year 2023, the Committee has examined the advisability of the re-election thereof and has performed the verifications and evaluations referred to in Article 5, sections c) and d) of the regulations thereof.

Therefore, the purpose of this document is to reflect the results of the work performed by the Committee relating to the potential re-election of Ms Sara de la Rica Goiricelaya as a director of the Company with the classification of independent director.

2. Professional profile and biographical data of the candidate

Born in Bilbao (Spain) in 1963.

She holds a PhD in Economics from the University of the Basque Country and has dedicated a large portion of her professional life to the study of and search for solutions on issues such as immigration, the labour market, gender equality and poverty.

Noteworthy experience for holding this position within the Company

She has been a member of the Company's Appointments Committee and an independent director of the Iberdrola group's country subholding company in Spain, "Iberdrola España, S.A." (Sociedad Unipersonal).

Noteworthy experience in other industries

Ms Sara de la Rica Goiricelaya has been president and secretary of the European Society for Population Economics and a member of its Executive Committee, chair of the Committee on the Situation of Women in Economics (COSME), and a member of the Economic and Social Council (CES). She has also been the secretary of the Spanish Economics Association (AEE).



In addition, she has been a member of the Scientific Advisory Board of Fundación Gadea and of the Scientific Committee of the Basque Institute for the Evaluation of the Educational System (IVEI-ISEI). Furthermore, she has been a member of the Board of Directors of “Basquetour, Turismoaren Euskal Agentzia, Agencia Vasca de Turismo, S.A.”, a government-owned company of the Department of Tourism, Trade and Consumption of the Basque Government, created to lead the promotion and implementation of the competitiveness strategy of Basque tourism.

She has worked on editorial boards or research project review boards.

Ms de la Rica Goiricelaya was given the “2018 Basque Economist Award” (Ekonomistak Saria 2018) in 2018 by the Basque Association of Economists (*Colegio Vasco de Economistas*).

Other current positions and professional activities

She is a director of Fundación ISEAK (Initiative for Socio-economic Analysis and Knowledge), a member of the think tank of AMETIC (*Asociación Multisectorial de Empresas de la Electrónica, las Tecnologías de la Información y la Comunicación, de las Telecomunicaciones y de los Contenidos Digitales*), an honorary member of the Spanish Economics Association (*Asociación Española de Economía*), an associate researcher at CreAM (Centre for Research and Analysis of Migration – London University College) and at IZA (Institute of Labor Economics - Bonn), and a Professor of Economic Studies at the University of the Basque Country.

She is a member of the Economic Affairs Advisory Council, which advises the First Vice-President of the Government of Spain and Minister for the Economy and Digital Transformation, as well as member of the Advisory Commission to the Ministry of Work and Social Economy on the matter of Minimum Interprofessional Salary.

She regularly publishes academic articles in domestic and international magazines dealing with economic issues, mainly related to labour, participates in conferences and seminars, and supervises graduate students in their dissertations.

3. Category to which the director candidate should belong

Ms de la Rica Goiricelaya has been proposed based on her personal and professional qualities, after verifying that she can discharge her duties without being constrained by the relationships with the Company, its significant shareholders or the members of its management team, thus meriting the classification of independent director.

4. Availability

Before the beginning of each financial year, the Company's Board of Directors prepares a schedule of regular meetings, both of the full Board and of its committees, accommodating the needs of the Company to the agreed dedication of the directors.

Based on the schedule, the effective availability of the candidate to prepare for each meeting of the Board of Directors and to provide the dedication necessary for holding the position of director has been verified with the candidate.



5. Shares of the Company and derivative financial instruments whose underlying assets are shares of the Company of which the director candidate is a holder

As at the date of this proposal, Ms Sara de la Rica Goiricelaya holds 19,684 shares representing 0.0% of the share capital.

6. Compliance with the provisions of the *Board of Directors Diversity and Member Selection Policy*

Pursuant to the provisions of the *Board of Directors Diversity and Member Selection Policy*, in order to determine the appropriateness of re-electing Ms de la Rica Goiricelaya to the position of director, the Committee has evaluated the needs of the Company and of the other companies of the Iberdrola group, taking into consideration the specific particularities of their businesses and of the territories in which they do business, comparing them to the profile of the candidate for re-election.

The Committee believes that the Board of Directors should have members with extensive knowledge and expertise in economics such as Ms Sara de la Rica Goiricelaya, who is an internationally recognised professor of economics and has engaged in her professional activities in both the public sector (advising public institutions) and the private sector, as well as having published academic articles in domestic and international journals dealing with economic subjects that are important to the Iberdrola group, such as the labour market and gender equality.

The Board of Directors should also have members with in-depth and well-versed knowledge of the Company and of the Iberdrola group and of the businesses thereof, like that of Ms de la Rica Goiricelaya, which will allow the candidate to continue to contribute very positively to the operation of the Board of Directors.

The Committee also very favourably assesses the knowledge and experience of the candidate for re-election acquired during her extensive professional career and particularly as a director of "Iberdrola España, S.A." (Sociedad Unipersonal) and as a member of the Company's Board of Directors and of some of its committees, as well as the continuation thereof, based on the positive evaluation of her performance and the good results achieved by Ms Sara de la Rica Goiricelaya, her dedication to the position throughout her entire term of office as a director of the Company, her strategic vision and decision-making ability, and the continued presence of a very valuable profile for the Board of Directors.

The re-election of Ms de la Rica Goiricelaya will also contribute to consolidating the already high percentages of independent directors and women on the Board of Directors, thus strengthening gender diversity on the Board. It would also maintain the Company's commitment in favour of gender equality and contribution to the achievement of the Sustainable Development Goals (SDGs) approved by the United Nations (UN), particularly SDG number five relating to the empowerment of women.

The Committee has also taken into account that the candidate's profile and professional background will bring a pluralistic viewpoint to debate within the Board of Directors and enrich it, ensuring a decision-making process without implicit biases and positively favouring the operation thereof.

The Committee therefore considers the re-election of Ms Sara de la Rica Goiricelaya as a director to be appropriate.



7. Verification of compliance with the requirements to be a director of the Company

The Committee very favourably values the profile, skills and experience of the candidate, and specifically such director's respectability, capability, expertise, competence, experience, qualifications, education, availability and ability to commit to the duties of the position, which were verified in each of the annual evaluations of the individual performance thereof.

In addition, the Committee has verified that the conduct and professional track record of Ms de la Rica Goiricelaya continue to be fully aligned with the principles contained in the *Code of Ethics* and with the corporate purpose and values set out in the *Purpose and Values of the Iberdrola Group* and that the candidate has not directly or indirectly incurred any grounds for disqualification, prohibition, conflict or opposition of interests to the corporate interest set forth in provisions of a general nature or in the Governance and Sustainability System for holding the position of director.

Therefore, it is deemed to have been verified that the candidate meets the general requirements for all directors of the Company as provided by law and the Governance and Sustainability System.

8. Conclusion

The Committee has unanimously decided to propose the re-election of Ms Sara de la Rica Goiricelaya as a director of the Company, with the classification of independent director.



ANNEX

PROPOSAL FORMULATED BY THE APPOINTMENTS COMMITTEE REGARDING THE RE-ELECTION OF MR XABIER SAGREDO ORMAZA AS AN INDEPENDENT DIRECTOR OF "IBERDROLA, S.A."

1. Introduction

Pursuant to the provisions of Article 5, sections d) and e), of the *Regulations of the Appointments Committee* of "Iberdrola, S.A." (the "**Company**"), the Appointments Committee (the "**Committee**") is responsible for proposing to the Board of Directors the re-election of independent directors for submission to a decision by the shareholders at a General Shareholders' Meeting, as well as for verifying that the candidate to be re-elected continues to comply with the general requirements for all directors of the Company, pursuant to the provisions of law and the Governance and Sustainability System, and for evaluating the quality of the relevant director's work and dedication to the position during their preceding term in office and, specifically, their respectability, capability, expertise, competence, experience, qualifications, availability and commitment to their duties.

Mr Xabier Sagredo Ormaza was last re-elected as a director of the Company, for the bylaw-mandated term of four years, by the shareholders at the General Shareholders' Meeting held on 29 March 2019, having been first appointed on 8 February 2016 as other external director.

Mr Sagredo Ormaza was classified as an "other external" director at that time due to not fulfilling the requirements established by law and in the Corporate Governance System to be classified as an independent or proprietary director. Specifically, Mr Xabier Sagredo Ormaza was not classified as an independent director because he was related to a shareholder of the Company holding a stake considered significant by law, "Kutxabank, S.A.". In the context of the annual review of the classification of all the directors carried out in February 2019 and as more than one year had passed since the aforementioned shareholder to which Mr Sagredo Ormaza was related had ceased to hold in the Company a shareholding interest considered significant by law, the Committee proposed his reclassification as an independent director to the Board of Directors. In order to facilitate this reclassification, Mr Sagredo Ormaza tendered his resignation as a director at the meeting held by the Board of Directors on 19 February 2019, so that he could immediately thereafter, at the same meeting, be appointed as an independent director on an interim basis (co-option) upon a proposal from the Committee, and his appointment was ratified and he was re-elected as an independent director of the Company at the first General Shareholders' Meeting held following his appointment, on 29 March 2019.

Given that the term for which Mr Sagredo Ormaza was appointed as a director of the Company ends during this financial year 2023, the Committee has examined the advisability of the re-election thereof and has performed the verifications and evaluations referred to in Article 5, sections c) and d) of the regulations thereof.

Therefore, the purpose of this document is to reflect the results of the work performed by the Committee relating to the potential re-election of Mr Xabier Sagredo Ormaza as a director of the Company with the classification of independent director.

2. Professional profile and biographical data of the candidate

Born in Portugalete (Spain) in 1972.



He has a degree in Economics and Business from Universidad del País Vasco, with a major in Finance, and is a holder of postgraduate degrees in various areas, with certified training in information technology risks.

Noteworthy experience for holding this position within the Company

He has been a director of “Iberdrola Generación, S.A.” (Sociedad Unipersonal) and a member of its Audit and Compliance Committee, as well as a director of “Iberdrola Distribución Eléctrica, S.A.” (Sociedad Unipersonal), at which he has held the position of chair of the Audit and Compliance Committee.

Noteworthy experience in other industries

Mr Xabier Sagredo Ormaza has been the director of the Expansion and Assets area of “Ipar Kutxa Rural Sociedad Cooperativa de Crédito”, managing director of the concessionaire “Transitia, S.L.” and a member of the Board of the Bilbao Port Authority.

In addition, he has been chair and vice-chair of the Board of Directors of Caja de Ahorros Bilbao Bizkaia Kutxa, Aurrezki Kutxa eta Bahitetxea (BBK) and chair of its Audit Committee, as well as chair of the Board of Trustees of Fundación Eragintza.

In 2021 he received the “Top Talent Saria CEO” award from the Noticias group. In 2022 he received the “*Tu Economía*” award in the best business management category from La Razón, and was recognised by the European Society for Social and Cultural Promotion in the I Edition of the Carlos V Awards for Business Excellence in the financial organisation category, as well as being named “CEO of the Year” in the IX Edition of the Capital Awards.

Other current positions and professional activities

He is chair of the Board of Trustees of Bilbao Bizkaia Kutxa Fundación Bancaria-Bilbao Bizkaia Kutxa Banku Fundazioa and of BBK Fundazioa, as well as a trustee of the Biocruces Sanitary Research Institute, of the Bilbao Museum of Fines Arts and of the Guggenheim Museum Foundation, at which he also serves as a member of the Executive Committee.

Mr Xabier Sagredo Ormaza is also a member of the Board of Directors of the Orkestra Basque Institute of Competitiveness and of the Management Council of Universidad de Deusto.

He collaborates as a visiting professor at several institutions.

3. Category to which the director candidate should belong

Mr Sagredo Ormaza has been proposed based on his personal and professional qualities, after verifying that he can discharge his duties without being constrained by the relationships with the Company, its significant shareholders or the members of its management team, thus meriting the classification of independent director.

4. Availability

Before the beginning of each financial year, the Company’s Board of Directors prepares a schedule of regular meetings, both of the full Board and of its committees, accommodating the needs of the Company to the agreed dedication of the directors.



Based on the schedule, the effective availability of the candidate to prepare for each meeting of the Board of Directors and to provide the dedication necessary for holding the position of director has been verified with the candidate.

5. Shares of the Company and derivative financial instruments whose underlying assets are shares of the Company of which the director candidate is a holder

As at the date of this proposal, Mr Xabier Sagredo Ormaza holds 21,942 shares representing 0.0% of the share capital.

6. Compliance with the provisions of the *Board of Directors Diversity and Member Selection Policy*

Pursuant to the provisions of the *Board of Directors Diversity and Member Selection Policy*, in order to determine the appropriateness of re-electing Mr Sagredo Ormaza to the position of director, the Committee has evaluated the needs of the Company and of the other companies of the Iberdrola group, taking into consideration the specific particularities of their businesses and of the territories in which they do business, comparing them to the profile of the candidate for re-election.

The Committee believes that the Board of Directors should have members with knowledge and experience such as that of Mr Xabier Sagredo Ormaza in the financial and corporate social responsibility sectors, in general, and in the banking sector and the social projects of banking foundations, in particular.

The Board of Directors should also have members with in-depth and well-versed knowledge of the Company and of the Iberdrola group and of the businesses thereof, like that of Mr Sagredo Ormaza, which will allow the candidate to continue to contribute very positively to the operation of the Board of Directors.

The Committee also very favourably assesses the knowledge and experience of the candidate for re-election acquired during his extensive professional career and particularly as a director of "Iberdrola Generación, S.A." (Sociedad Unipersonal), of "Iberdrola Distribución Eléctrica, S.A." (Sociedad Unipersonal) and of the Company, and as a member of some of the committees of the boards of directors of companies of the Iberdrola group, including the Company, as well as the continuation thereof, based on the positive evaluation of his performance and the good results achieved by Mr Xabier Sagredo Ormaza, his dedication to the position throughout all of his terms of office as a director of the Company, his strategic vision and decision-making ability, and the continued presence of a very valuable profile for the Board of Directors.

The re-election of Mr Sagredo Ormaza will also contribute to strengthening the already high percentage of independent directors within the Company's Board of Directors.

The Committee has also taken into account that the candidate's profile and professional background will bring a pluralistic viewpoint to debate within the Board of Directors and enrich it, ensuring a decision-making process without implicit biases and positively favouring the operation thereof.

The Commission therefore considers the re-election of Mr Xabier Sagredo Ormaza as a director to be appropriate.

7. Verification of compliance with the requirements to be a director of the Company

The Committee very favourably values the profile, skills and experience of the candidate, and



specifically such director's respectability, capability, expertise, competence, experience, qualifications, education, availability and ability to commit to the duties of the position, which were verified in each of the annual evaluations of the individual performance thereof.

In addition, the Committee has verified that the conduct and professional track record of the candidate continue to be fully aligned with the principles contained in the *Code of Ethics* and with the corporate purpose and values set out in the *Purpose and Values of the Iberdrola group* and that the candidate has not directly or indirectly incurred any grounds for disqualification, prohibition, conflict or opposition of interests to the corporate interest set forth in provisions of a general nature or in the Governance and Sustainability System for holding the position of director.

Therefore, it is deemed to have been verified that the candidate meets the general requirements for all directors of the Company as provided by law and the Governance and Sustainability System.

8. Conclusion

The Committee has unanimously decided to propose the re-election of Mr Xabier Sagredo Ormaza as a director of the Company, with the classification of independent director.



ANNEX

REPORT OF THE APPOINTMENTS COMMITTEE REGARDING THE RE-ELECTION OF MR JOSÉ IGNACIO SÁNCHEZ GALÁN AS AN EXECUTIVE DIRECTOR OF “IBERDROLA, S.A.”

1. Introduction

Pursuant to the provisions of Article 5, sections d) and e), of the *Regulations of the Appointments Committee* of Iberdrola, S.A. (the “**Company**”), the Appointments Committee (the “**Committee**”) is responsible for reporting on proposals for the re-election of executive directors for submission to a decision by the shareholders at a General Shareholders' Meeting, as well as for verifying that the candidate to be re-elected continues to comply with the general requirements for all directors of the Company, pursuant to the provisions of law and the Governance and Sustainability System, and for evaluating the quality of the relevant director's work and dedication to the position during their preceding term of office and, specifically, their respectability, capability, expertise, competence, experience, qualifications, availability and commitment to their duties.

Mr José Ignacio Sánchez Galán was last re-elected as a director of the Company, for the bylaw-mandated term of four years, by the shareholders at the General Shareholders' Meeting held on 29 March 2019, having been first appointed on 21 May 2001. Given that the term for which Mr Sánchez Galán was appointed a director of the Company ends during this financial year 2023, the Committee has examined the advisability of his re-election and has performed the verifications and evaluations referred to in Article 5, sections c) and d) of the regulations thereof.

The Appointments Committee has prepared this report taking into account the analysis it carried out to propose to the Board of Directors the separation of the roles of chairman and chief executive officer within the Company in October 2022, which was based on a fundamental premise that Mr José Ignacio Sánchez Galán would continue to be the executive chairman of the Company. This analysis also considered that the presence of two executive directors, namely the chairman of the Board of Directors and the chief executive officer, who would perform the duties assigned thereto within the scope of their respective powers, would contribute to facilitating an enhanced exercise of managerial power in the current environment.

Therefore, the purpose of this report is to reflect the results of the work performed by the Committee regarding the potential re-election of Mr José Ignacio Sánchez Galán, as well as to provide a report to the Board of Directors for submission to a decision by the shareholders at the General Shareholders' Meeting regarding his re-election with the classification of executive director.

2. Professional profile and biographical data of the candidate

Born in Salamanca (Spain) in 1950.

Mr Sánchez Galán is an industrial engineer with a degree from the Escuela Superior Técnica de Ingeniería (ICAI) of Universidad Pontificia Comillas (Madrid) and degrees in Business Administration and Foreign Trade from ICADE (Madrid) and in General Corporate Management and Foreign Trade from Escuela de Organización Industrial (EOI) in Madrid.

He is a recipient of honorary doctorate degrees from the universities of Salamanca, Edinburgh and



Strathclyde (Glasgow) and has been on the faculty of Escuela Técnica Superior de Ingeniería at the Universidad de Comillas (I.C.A.I.), a visiting professor at the University of Strathclyde, chairman of the Social Council of Universidad de Salamanca, and a member of the Presidential Advisory Council of the Massachusetts Institute of Technology (MIT).

Noteworthy experience for holding this position within the Company

Mr José Ignacio Sánchez Galán has served as chief operating officer of “Industria de Turbo Propulsores, S.A.” (ITP) and as chairman of the European aerospace consortium Eurojet (Germany). He has held various positions at “Sociedad Española del Acumulador Tudor, S.A.” (now Exide group, engaged in the manufacture and sale of batteries).

Noteworthy experience in other industries

In the telecommunications sector, he has been chief executive officer of “Airtel Móvil, S.A.” (now “Vodafone España, S.A.” (Sociedad Unipersonal)), and in the food sector, a member of the supervisory board of “Nutreco Holding N.V.”, a listed company in The Netherlands, and a founding member and director of the Matarromera group (Spain).

Other current positions and professional activities

He is currently chairman of the boards of directors of the Iberdrola group’s country subholding companies in the United Kingdom (“Scottish Power Ltd.”), the United States (“Avangrid, Inc.”, a company listed in New York) and Brazil (“Neoenergia, S.A.”, a company listed on the São Paulo stock exchange).

He is also chairman of the Renewable Hydrogen Coalition and a member of the group of top utility executives of the World Economic Forum (Davos). In addition, he is a member of the European Round Table for Industry (ERT) and of J.P. Morgan’s International Council.

Mr José Ignacio Sánchez Galán is a trustee of Fundación Princesa de Asturias, Fundación Carolina, Fundación Conocimiento y Desarrollo, Real Instituto Elcano and Real Patronato del Museo Nacional del Prado.

He has been an honorary member of the Spanish Institute of Engineering since 2018.

Other information

In 2020 he received the Management Leadership Award from the Spanish Association for Quality (*Asociación Española de la Calidad*) and the Business Career Award from *El Economista*, in addition to numerous other distinctions awarded to him in 2019, including the Harvard Business Review ranking him as one of the five “Best-Performing CEOs in the World” and the top-performing in the energy sector, and Bloomberg rating him one of the 30 most influential leaders in the fight against climate change in its “The Green 30 for 2020” ranking in 2020.

Notably, he was the recipient for the eleventh time of the Best European Utility CEO Award from the Institutional Investor Research Group in 2017, as well as being named Best CEO of European energy companies and of Spanish listed companies in investor relations by the Thomson Extel Survey in 2011.



He has also received the National Innovation and Design Award in the Innovative Career category from the Spanish Ministry of Science, Innovation and Universities, Honourable Mention for his professional career from the Official Industrial Engineers Association of Madrid, and designation as a Universal Spaniard (*Español Universal*) by Fundación Independiente in 2019, and he has been a trustee of Fundación Universitaria Comillas-I.C.A.I.

In 2014, he was distinguished by Queen Elizabeth II with the title Commander of the Most Excellent Order of the British Empire for his work in the development of the British energy sector and of commercial and investment relationships between the United Kingdom and Spain, and he received the international Responsible Capitalism Award from the First group.

He was awarded the "Business Leader of the Year" Award by the Spain-U.S. Chamber of Commerce and received the International Award for Economics from Fundación Cristóbal Gabarrón in 2008, while in 2006 he received the Best CEO of the Year Award in the Platts Global Energy Awards. He was also named Best CEO in Investor Relations by IR Magazine in 2005, 2004 and 2003.

3. Category to which the director candidate should belong

Mr Sánchez Galán should belong to the category of executive director taking into account the executive duties that he is expected to continue performing at the Company.

4. Availability

Before the beginning of each financial year, the Company's Board of Directors prepares a schedule of regular meetings, both of the full Board and of its committees, accommodating the needs of the Company to the agreed dedication of the directors.

Based on the schedule, the effective availability of the candidate to prepare for each meeting of the Board of Directors and to provide the dedication necessary for holding the position of director has been verified with the candidate.

5. Shares of the Company and derivative financial instruments whose underlying assets are shares of the Company of which the director candidate is a holder

As at the date of this report, Mr José Ignacio Sánchez Galán is the holder of 14,070,603 shares, which represent approximately 0.218% of the share capital.

6. Compliance with the provisions of the *Board of Directors Diversity and Member Selection Policy*

Pursuant to the provisions of the *Board of Directors Diversity and Member Selection Policy*, in order to determine the appropriateness of re-electing Mr José Ignacio Sánchez Galán to the position of director, the Committee has evaluated the needs of the Company and of the other companies of the Iberdrola group, taking into consideration the specific particularities of their businesses and of the territories in which they do business, comparing them to the profile of the candidate for re-election.

The Committee believes that the Board of Directors should have members with extensive experience in the domestic and international energy and financial sectors, with in-depth and well-versed knowledge of the internal operations of the Company and of the Iberdrola group, and particularly of its businesses, as possessed by Mr Sánchez Galán.



The candidate's extensive track record at the Iberdrola group, in addition to his membership of boards of directors of various international companies of this group located in Brazil, the United States of America and the United Kingdom, have enabled Mr Sánchez Galán to acquire extensive knowledge of the operations of the businesses of the companies of the Iberdrola group, as well as quite significant international experience.

The Committee also very favourably assesses the knowledge and experience of the candidate for re-election acquired during his extensive professional career and as a director of the Company and the continuation thereof, based on the positive evaluations of his performance and the good results obtained by Mr José Ignacio Sánchez Galán and his dedication to the position throughout his terms of office as a member of the Board of Directors (for which evaluations the Committee has relied, in recent years, on the support of an independent expert ("PricewaterhouseCoopers Asesores de Negocio, S.L.")), as well as his strategic vision and his excellent managerial and decision-making ability, which has been reflected in the outstanding results of the Company and the Iberdrola group. His re-election would bring ongoing continuity to the management of these companies.

The re-election of Mr Sánchez Galán also entails a positive contribution to the operation of the Board of Directors and his contribution to an enriched debate within this body (ensuring a decision-making process that is free of implicit bias and positively favouring the operation thereof), as well as the continued presence of a profile that is very valuable for the aforementioned corporate decision-making body, in view of his extensive knowledge of the Company and of the Iberdrola group, and particularly of the businesses thereof.

The Committee therefore considers the re-election thereof as a director to be appropriate.

7. Verification of compliance with the requirements to be a director of the Company

The Committee very favourably values the profile, skills and experience of the candidate, and specifically such director's respectability, capability, expertise, competence, experience, qualifications, education, availability and ability to commit to the duties of the position, which were verified in each of the annual evaluations of the individual performance thereof.

In addition, the Committee has verified that the conduct and professional track record of the candidate continue to be fully aligned with the principles contained in the *Code of Ethics* and with the corporate purpose and values set out in the *Purpose and Values of the Iberdrola group* and that the candidate has not directly or indirectly incurred any grounds for disqualification, prohibition, conflict or opposition of interests to the corporate interest set forth in provisions of a general nature or in the Governance and Sustainability System for holding the position of director.

Therefore, it is deemed to have been verified that the candidate meets the general requirements for all directors of the Company as provided by law and the Governance and Sustainability System.

8. Verification of the suitability of the candidate to continue performing his executive duties

The Committee has analysed and agrees with the conclusions of the report prepared by "PricewaterhouseCoopers Asesores de Negocio, S.L.", which confirm the suitability of Mr José Ignacio Sánchez Galán to continue performing his duties as an executive director of the Company.

In this regard, the Committee notes his conduct during the term that is now concluding, the conformance of his professional profile to the particularities of the businesses in which the



companies of the Iberdrola group engage, his knowledge of the sectors in which they operate and the international character thereof, his strategic vision and his firm commitment to rigorous and responsible management, as well as his appropriate combination of the skills and competencies required to organise and coordinate the dissemination, implementation and monitoring of the overall strategy and basic management guidelines established by the Board of Directors at the level of the Iberdrola group.

9. Conclusion

The Committee has unanimously decided to favourably report on the re-election of Mr José Ignacio Sánchez Galán as a director of the Company, with the classification of executive director.